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LATIN AMERICA

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ARGENTINA

ARMY COMMANDERS MEET TO DISCUSS ISSUES

PY202331 Buenos Aires TELAM in Spanish 1523 GMT 20 Aug 87

[Text] A military source has reported that Army General Chief of Staff General Jose Dante Caridi today met with Army commanders to discuss current military plans, the Army budget, the Army's participation to ensure a peaceful electoral process, and other military issues.

The source added that the meeting was part of routine Army agenda. It started at 0830 at Army headquarters at the Libertador Building. Senior generals and colonels with troop command attended the meeting.

The source said that Defense Minister Jose Horacio Jaunarena will attend a working lunch tomorrow. He will be accompanied by Defense Ministry Secretary Raul Alconada Sempe, at the special invitation of General Caridi.

The source added that, as is usual in this sort of meeting, Jaunarena will speak about plans under consideration at the Defense Ministry and will brief the commanders on specific military issues.

Today's meeting began with brief speeches by corps commanders and the General Director of the Military Institute on their respective commands.

Members of the different General Staff departments (personnel, intelligence, operations, planning, logistic and finance, and the support director) spoke next. They briefed the commanders on their specific tasks and future plans.

The plans for the current military year were thus reviewed, including budget appropriations, the reorganization and modernization of the institution according to the policies dictated by the government, and the deployment of Army personnel to protect the ballot boxes in the 6 September elections.

The Army's legal adviser, General Judge Advocate Alberto Ramayo, reported on the legal situation of the retired Army chiefs being tried for alleged human rights violations during the war against subversion. Ramayo also

reported on the legal situation of officers who participated in the Easter weekend incident.

The director of institutional affairs, General Elbio Santarrosa, spoke about the institutional policy to obtain a better rapprochement of the Army to its constitutional role.

The meeting will continue tomorrow with the attendance of Defense Minister Jaunarena and Army Chief General Caridi who will issue the pertaining directives for next months' work.

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CSO: 3348/551

ARGENTINA

MILITARY CODE OF JUSTICE TO BE REFORMED

PY210018 Buenos Aires BUENOS AIRES HERALD in English 19 Aug 87 p 11

[Text] (NA-DYN)--The government issued a decree yesterday setting up a committee to study reforms to the military code of justice, pointing out that recent events had shown that the current code contained discrepancies as regards questions arising from the recent due obedience law.

The decree said the committee had to submit its proposals to the government within 180 days and stressed the need to establish clear norms.

The need to reform the military code, announced by President Raul Alfonsin on 13 April, stemmed from recommendations by government Prosecutor-General Juan Octavio Gauna in a writ attached to his opinion in the case of former Buenos Aires province police chief General Ramon Camps.

Defence Secretary Raul Alconada Sempe was appointed chairman of the committee which was to include Justice Secretary Ideler Tonelli, as well as the two men's undersecretaries, the Defence Ministry legal advisor, the Armed Forces Prosecutor General and representatives of the three forces.

Meanwhile it was announced that the qualifying committees of the Army and the Air Force would start work today on studying the backgrounds of officers with a view to their promotion. Similar work started in the Navy last week.

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CSO: 3300/16

MILITARY BISHOP SPEAKS OF 'EPISCOPAL CONCERN'

PY201801 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1742 GMT 19 Aug 87

[Text] Buenos Aires, 19 Aug (NA)--Army Bishop Msgr Miguel Medina today said that "not everything is calm within military circles," referring to the current situation within the Armed Forces despite the approval of the due obedience bill.

Msgr Medina also said there is "some episcopal concern" regarding the "bishops' helplessness" over the "lack of human resources and the prudent silence that is required."

Medina said that "these days they make us say what we have not done, and the news media are distorting the magisterial position of the church. He added that many bishops "have been scolded by groundless and slanderous reports that have spread as fast as a laser beam."

Msgr Medina made these comments during a homily and a mass said this morning at the Stella Maris cathedral to mark the 25th anniversary of his episcopal ordainment.

During the ceremony, which was attended, among others, by Defense Minister Horacio Jaunarena, Army Chief of Staff General Dante Caridi, Navy Chief of Staff Vice Admiral Ramon Arosa, Air Force Chief of Staff Major General Horacio Crespo, General Reinaldo Benito Bignone, retired, and Admiral Ruben Franco, retired, Msgr Medina supported "an effective, concrete, and Argentine solution to our problems."

"Our weakness are cause for a certain episcopal concern, a concern prompted by a helplessness that is now penetrating our souls due to the anguish caused by silence," Msgr Medina added.

Msgr Medina said that "I love the Armed Forces because if I did not love them it would be like doing away with the entire Argentine history now more than ever, especially because of all the good that the Armed Forces have done for our fatherland."

Msgr Medina confessed that "he is not repentant for being a member of the Armed Forces. He said that "a well-known proverb says that silence means consent but now he who keeps silent is prudent."

"I love the Armed Forces now more than ever because I have suffered with them and suffering brings people together, upgrades them, and makes them fruitful," Msgr Medina concluded.

The relationship between President Raul Alfonsin and Msgr Medina reached a tense climax in April 1987 when, speaking from a pulpit, the military bishop referred to the existence of bribes in the country, something which was immediately refuted by the president.

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CSO: 3348/551

SOURROUILLE ADDRESSES BANKERS ON DEREGULATION

PY252339 Buenos Aires BUENOS AIRES HERALD in English 25 Aug 87 p 3

[Text] (NA-DYN)--Economy Minister Juan Sourrouille said yesterday that the new ground rules brought about by the deregulation of the economy did not include "privileged loans or special subsidies" for private entrepreneurs.

Speaking at the opening of the fifth convention of private banks organized by the Argentine Banks Association (ADEBA), Sourrouille stressed that "all economic entities, private or public, will have to adjust their decisions to a more competitive framework." He added that only in certain activities where competition was technically impossible, as in the case of natural monopolies, a system of "automatic and transparent regulation" would remain.

Sourrouille stressed that the idea of deregulation resulted from a deep analysis of post-war economic history which showed that the growth models adopted by most developing countries became inadequate with the oil crisis, the acceleration of technological innovations and the bottlenecks created by rising state intervention.

The minister said that deregulation programs should not be confused with an endorsement of liberal doctrines which tend to "offer the same solutions regardless of the historical context faced by the country."

Referring to the Argentine situation, Sourrouille said that the current economic scenario reflected the "exhaustion of a development model based on ever-growing state intervention in the production of goods and services, cheap loans together with excessive fiscal subsidies and an indiscriminate protectionist doctrine."

Sourrouille explained that "for decades, this model could guarantee the country's growth even though it did so in a conflictive and inarticulate manner." Later, "its own limitations became more and more evident, as did the need to find an alternative with sufficient consensus so that it could be permanent."

In this sense the minister said that the difficulties "do not only lie in the inefficiency of state intervention" but also in the "unwillingness of the private sector to give up the additional assistance received from the state in terms of fiscal and monetary franchises, purchase orders for public contracts, market guarantees provided by sectorial regulations and tariff barriers."

For this reason "the idea of deregulation cannot be reduced to a comparison between state inefficiency and private sector efficiency," Sourrouille said.

In conclusion, he emphasized that the introduction of competition aimed at increasing productivity meant the elimination of all legal and economic regimes that concentrated the production of goods and services in the hands of the state, and that "Argentine industry would have to renovate itself to enter international markets."

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CSO: 3300/16

YPF PRESIDENT ON EFFECTS OF FINANCIAL CONSTRAINTS

Buenos Aires CLARIN in Spanish 14 Jul 87 pp 2-3

[Interview with YPF President Rodolfo Otero; author, date, time, and place not given]

[Text] [Question] In 1981 total crude oil production reached 28.8 million cubic meters. Then there were progressive reductions until it reached the current level of around 24 million cubic meters. How do you explain this decline?

[Answer] I can comment on what happened in 1986. Last year we cut our budget sharply in order to adjust it to the country's possibilities. Then when we discussed the budget, we proposed three alternatives: a minimal one involving 102 wells, an intermediate one with 630 wells, and a maximum alternative of 1,000 wells. The latter was rejected because of a lack of funding. The first alternative was also rejected, because we would have endangered our self-sufficiency. Thus, the second option was chosen, and finally we arrived at 567 wells. According to our projections, we thought we could satisfy our self-sufficiency objective with that. Moreover, in 1986 the price of crude oil fell as low as \$8 a barrel.

[Question] Sure, and then it was decided that it would be cheaper to import.

[Answer] At \$8 a barrel, the outlook was very different from what it is now, because the price has now climbed back up to \$20. Therefore, the benchmark for decisionmaking changed. Nevertheless, we began 1987 with the certainty that we would achieve self-sufficiency, and we are going to boost production by about 700,000 cubic meters. In this way, we expect to achieve that goal by the end of the year. The cycle we will have followed by the end of the period will be this: exports early in the year, imports in the middle of the fiscal year, and once again exports at the end.

[Question] What was the volume of exports, and what were the circumstances that led to those exports?

[Answer] A total of 114,000 cubic meters of crude oil, 14,000 of gasolines, 24,800 of gasoil, and 128,000 of fuel oil was exported. As for the circumstances, first we must point out that there were prior commitments.

Moreover, these sales took place in January, when the problems the system was to have were not yet apparent. And furthermore, the management of inventories is always convenient; it is not unwise to sell or buy in the northern hemisphere during seasons when the prices are relatively high.

[Question] How do you plan to prevent these bottlenecks in the future?

[Answer] Our idea is to maintain self-sufficiency, plus a little surplus of crude oil. Argentina cannot be a major exporter unless it increases the level of its reserves.

Therefore, small surpluses will be exported or used to prevent imbalances in the energy system, which includes gas, coal, and nuclear-generated electricity in addition to petroleum. The national energy plan calls for production of 25,250,000 cubic meters in 1987, and 25,350,000 cubic meters in 1988. Simultaneously, it envisions a substantial increase in the share of gas when Neuba 2 comes on line in the middle of next year. We cannot afford to overlook this fact, because otherwise we would jeopardize the return on the investment made in this project (through the transportation and sale of hydrocarbons in gas form). Meanwhile, the northern gas pipeline is expected to begin operating by the end of this year.

[Question] What is your assessment of the enterprise's performance over the last few years?

[Answer] In the first place, we should emphasize the economic and financial housecleaning that has gone on in Government Oil Deposits (YPF). This has enabled it to operate in a much more orderly fashion, with a more efficient management. Then there is the internal information and accounting policy, which led to the periodic publication of reports. We have also signed a pact with the Buenos Aires Stock Exchange for quarterly publication of these reports. Finally, we have undertaken a purchasing and contracting policy that has translated into greater efficiency in sales. With the improvement in the terms of payment to suppliers and contractors (to 30-day terms), we have increased the efficiency of the operative sectors. One consequence of this is the enhanced productivity of the new wells, in comparison with those of previous years: the wells in Santa Cruz Norte, now stabilized, are yielding 28 cubic meters a day, whereas before the highest level was 22 cubic meters. This is the result of planning and execution that are optimized by the reorganization of the enterprise. When a corporation is disorganized, services tend not to be contracted on time, and a number of problems arise that waste time and cost money.

[Question] You stated that in the last 15 years the incorporation of reserves was far below the level of production. The figures indicate that only 175 million cubic meters were put in reserve during that period, compared to a production volume of 350 million. How do you plan to eliminate this shortfall?

[Answer] It is true that major crude oil reserves have not been incorporated, but gas, on the other hand, has been. At any rate, we must resolve this shortfall, and to do this we must not be forced to constantly run behind

annual production. If a drilling policy aimed at satisfying short-term requirements is implemented, we will obtain some measure of success. We will not incorporate many reserves, however, because that would mean prospecting with a very low risk percentage. We have reversed that situation, not only for this year, but as a future YPF policy. Now the corporation intends to prospect for oil in its own areas, where it is most difficult. In addition, secondary recovery projects such as Puesto Hernandez, which is incorporating reserves of about 4.8 million cubic meters, are being planned.

[Question] What is the status of the projects to expand the conversion capacity of the distilleries of Lujan de Cuyo and La Plata?

[Answer] The completion of the conversion projects in these distilleries, which were begun in 1982, required that the bulk of the investment be made in 1984, 1985, and 1986. Of the total investment of \$850 million, YPF was responsible for 60 percent; the World Bank financed the rest. Last year the enterprise's budget did not include a single peso of state funding, so the allocations for those projects came from YPF itself. Among these projects, we should also mention the one known as GUTA, which was begun this year with the call for bidding on two important projects: expanding the gas processing capacity to obtain liquids in the Campo Duran distillery, and the pipeline joining Puesto Hernandez and Lujan de Cuyo.

[Question] When will the restructuring of YPF get underway?

[Answer] The matter is being studied in various government sectors. The enterprise has already submitted the corresponding technical report, and now it is all a question of political decisions.

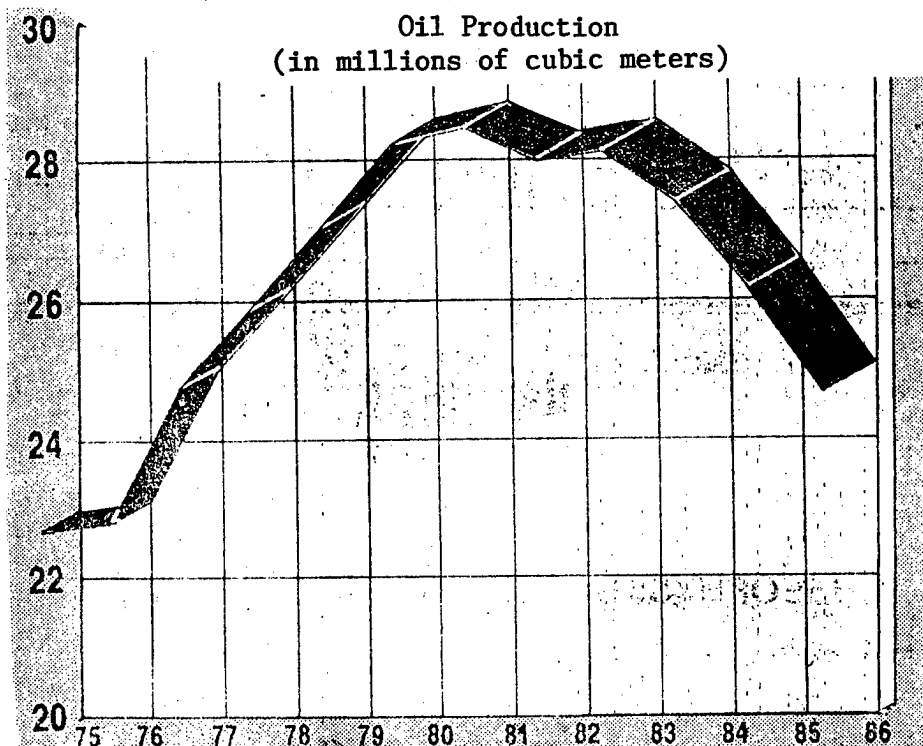
[Question] Will the reform be carried out within the framework you outlined last year?

[Answer] Yes. The enterprise is to be divided into four sectors: operations, industrialization, marketing, and fleet; each will have an independent management. As for the date when this reform will be implemented, the decision is not up to YPF. We express our opinion, but the decisions are out of our hands. Certainly we agree that it should be carried out, because this is not a new idea at the enterprise. Proposals of this nature have been tossed around within the corporation for a long time.

[Question] Returning to the prospecting policy, how is the Houston Plan going?

[Answer] The plan derived from Decree 1443, which goes into areas that are high-risk but with high potential as well, is an indication of our prospecting initiative. Under the Houston Plan, 10 contracts have been signed and 11 more are in the advanced stages. In addition, there have been 3 or 4 direct contracts. Moreover, a call for bidding will be issued soon on 30 areas, and on that basis we will certainly sign another 15 contracts. In total, there are about 40 areas with prospecting contracts, no doubt a very significant figure that reflects the wide area covered by prospecting. We are thinking about including offshore areas such as the Rawson Basin and the Salado Marina

Basin, which are capable of providing unique support. It is interesting to note, as well, that work has already begun on the contract for the Austral Marina Basin No. 1, which will begin yielding oil by the second half of 1988. As for HPF's activity, we should point out that this year we will have more than 890 wells, with our own equipment as well as contracted equipment. Furthermore, contractors have also developed major activity in drilling; in the first 5 months of the year, they drilled 100 wells.



Source: CLARIN, data from Secretariat of Energy

In 1981 oil production began to decline, until last year it was recorded at 16 percent below the 1981 level.

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CSO: 3348/435

REVISED HOUSTON PLAN EXPECTED TO REVERT DOWNTURN

Buenos Aires CLARIN in Spanish 14 Jul 87 p 20

[Passages enclosed in slantlines printed in boldface]

[Text] The Argentine economy's receptiveness to foreign capital investments represents a milestone in the implementation of the so-called /Houston Plan,/ as the oil prospecting and drilling program is popularly known.

President Alfonsin outlined the program in Texas in March 1986. Beginning then, the applicable experiences of China and Colombia were examined in terms of the characteristics of mixed contracts, with a view to expanding the framework of oil reserves as a strategic objective. In addition, a medium-range goal was for these reserves to serve as /a key for reversing the downward trend in crude oil drilling./

/The official petroleum program has gone through two stages since it was announced./ The first phase might be called experimental; it provided a comprehensive definition of the model that would be followed for the participation of private capital in the domestic oil market. That entailed the drafting of the so-called /Argentine model contract./ On this basis, the first calls for bidding were issued (concentrated in two major waves) for the /164 areas/ into which the Argentine geological map was divided for the Houston Plan.

This legal instrument sparked a discussion among the contractors (some of them had already been operating in Argentina and others were attracted by the new opening, /primarily Americans/) on the legal parameters and the dynamic mechanisms of the official call for bidding.

The petroleum plan got underway during a time when international prices were down; the first bidding coincided almost exactly with the fall to /a low of \$9 to \$11 per barrel of crude oil./ Investors set their sights on the long range, however, which coincides with the term of /up to 30 years that the Argentine contracts will have./ Although international prices provided no incentive during the waves of bidding, some new ways of /updating/ the Houston Plan did more than the short-term situation to inspire a rediscussion of the legal aspects and contractual terms of the petroleum model.

With the participation of the private firms, the rounds of talks resulted in a "modernization" both of the decree legalizing the Houston Plan and of its influence on the pact that Government Oil Deposits (YPF) will ultimately sign with the contractors.

That new system will be the pivot around which the /third round of areas put up for bidding/ will revolve (bidding will be opened next October). It will also determine /the route taken by the direct adjudication that is legally allowed for those areas that were deserted after the first call for private capital. No fewer than a half-dozen already have firm suggestions for their operation./

A review of the initial plan and the one now in effect reveals a few changes in four aspects. One of them refers to the /classification of risk./ In the past, there were areas of medium and high risk, based on data provided by YPF. Different investment and prospecting commitments were provided for the different risk areas. Now there is just /one risk rating,/ and therefore these commitments are unified. The decree that modified 1443 introduced, on the other hand, a minimum work commitment stipulated by YPF.

The aspect that has certainly prompted the most heated discussions was the so-called /"declaration of commercial viability."/ This legal instrument gives permission for those who win contracts (private firms in this stage) to go beyond the exploratory phase and reach the profitable production phase. Before the "updating," it was YPF that decided whether a deposit was commercially exploitable. But subsequent discussions revealed that it is the investors who, after evaluating the results of the exploration, determine the profitability of the deposit adjudicated by the government oil entity, which will ultimately purchase the oil produced in the area in question.

In addition to the declaration of commercial viability, another modified item involves the /second alternative that YPF had to form partnerships with the private consortiums./ According to the original Houston Plan, YPF could require that it participate in the private group if the deposit exceeded initial expectations for production. Under the modifications designed to make the official oil program more flexible, YPF can enter partnerships with the private firms, purchasing /a minimum of 15 and a maximum of 50 percent of all shares,/ as soon as it is decided whether an area is commercially exploitable.

An annex was added, meanwhile, to moderate the /ratios between surface areas and estimated production./ This annex serves as a /table to determine/ the scope of the partnership between YPF and the private consortiums.

/The model contract did not end up including the clause involving payment with byproducts,/ which was rejected by all of the firms that won contracts. The /guarantee of payment with petroleum/ remains, however, in case of an eventual shortage of resources by the state oil enterprise when it comes time to pay for the crude oil drilled by the contractors. /The criterion of giving preference in adjudication to the bids that contain a higher portion of payment in australes than in foreign exchange/ is maintained, at any rate.

With the changes already in motion, the government's intention is to capitalize on the more flexible model, which is now presumed to contain the same terms as international contracts, to approach that /\$1.5 billion it needs each year/ to reverse the downward trend in crude oil reserves. The higher price set for gas (/up to 27 percent with respect to international prices/) will also help investors accept areas that contain more gas than petroleum.

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CSO: 3348/435

ARGENTINA

BRIEFS

OBJECTIVES OF ANTISUBVERSIVE WAR--Buenos Aires, 25 Aug (NA)--Air Force Chief of Staff Brigadier Ernesto Crespo today stated that "no one can deny the philosophy and the pureness of the objectives" of the anti-subversive war. He added that "this philosophy is not under discussion, and time and history will tell whether the methods used in this war were correct." Crespo stated: "No one can deny or doubt that the Air Force recognizes the sacrifice and death of many Air Force and security men in the struggle against the scourge" of subversion. Crespo made these remarks at a ceremony to pay homage to those members of the Air Force who died in the antisubversive war. Representatives of the Air Force, relatives, and friends of those who died in the antisubversive war were present at the ceremony. [Excerpt] [Buenos Aires NOTICIAS ARGENTINAS in Spanish 1820 GMT 25 Aug 87] /9604

CSO: 3348/551

BRAZIL

TRADE ACCORD WITH CUBA HINGES ON CENTRAL BANK CREDIT

Brasilia CORREIO BRAZILIENSE in Portuguese 24 Jul 87 p 8

[Article by Deolinda Saraiva]

[Text] Rio de Janeiro--The signing of the trade agreement drafted by Brazil and Cuba following the visit to that country by Foreign Minister Abreu Sodre this year depends on the concession of lines of credit by the Central Bank [BC] to the Cuban Government to finance its imports. According to the industrialists who met yesterday in the National Confederation of Industry [CNI], the BC is reluctant to authorize the credit because Cuba is said to have "welshed" on a \$200 million debt to Argentina.

This obstacle is not, however, affecting the progress of the negotiations between the Cuban and Brazilian governments, which have been trading information on the range of products that could be traded between the two countries. Just yesterday, representing Itamarati, Minister Samuel Pinheiro Guimaraes Neto, executive secretary of the National Council for the Latin American Association for Integrated Development [ALADI] (the body responsible for the trade interests of the Latin American countries), met with the CNI industrialists to complete the list of products with potential for export to Cuba.

The CNI already has a list of products which the Cuban Government is interested in exporting to or importing from Brazil. On the Brazilian side, according to economist Augusto Baldoni, of the CNI Foreign Trade Committee, there are expectations of acquiring refined chemicals for the pharmaceutical industry, wrappers (casing) for the production of cigars, canned fish, a broad range of medical and pharmaceutical products, from hormones to vitamins and antibiotics, and "know-how" in Cuban biotechnology--one of the most advanced in the world.

For their part, the Cubans have submitted a list of almost 100 items which they are interested in importing, such as soybean bran, gasoline, industrial lighting, hand tools, tiles and even fire extinguishers. Most of Brazil's possible exports to Cuba will be in the machinery and equipment sector and in durable consumer goods, principally the so-called "white line" (refrigerators).

According to Minister Guimaraes Neto and the CNI industrialists, the dollar potential of this bilateral trade is limited, not only because of the small Cuban market (10 million inhabitants), but also because of Cuba's shortage of foreign exchange.

Thus, they add, there must be a balance in the trade exchange and the values must be equivalent.

At the moment, the Cuban Government is awaiting a reply from the Central Bank on the credit line needed to finance its imports. However, the BC is not prepared to grant more than \$20 million, as an experiment, according to an industrialist, who added: "This is an amount that would not be painful to lose and that would not compromise the Brazilian Government politically in its effort to achieve a rapprochement with Cuba."

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CSO: 3342/162

BRAZIL

PRC INTEREST IN AEROSPACE COMPONENTS, COOPERATION DISCUSSED

Aerospace Components

Rio de Janeiro 0 GLOBO in Portuguese 6 Aug 87 p 22

[Text] Sao Jose dos Campos--China wants to purchase the systems components it needs for its space programs from Brazil and to use Brazilian institutions and companies in triangular operations to import equipment that it cannot acquire from more developed countries. This option is a result of the embargoes imposed by the Western world on the sale of products and the transfer of advanced technology. According to Cast-Wei Desen, vice president of the Chinese Academy of Space Technology, his country is interested in closer trade relations with Brazil and other Third World countries and is establishing cooperation programs which will make it possible to accelerate the Chinese space program. A delegation of Chinese technicians and scientists spent a week at the National Institute of Space Research (INPE), discussing cooperation programs in the aerospace sector.

Satellite Research

Rio de Janeiro 0 GLOBO in Portuguese 2 Aug 87 p 36

[Text] Sao Jose dos Campos--A scientific and technical cooperation program for the development and launching of a satellite to locate natural resources, weighing about 1,200 kilograms and orbiting at an altitude of about 36,000 kilometers, was the major topic in the first meetings held yesterday between the delegation from the Chinese Academy of Space Technology and INPE research scientists. On the first day, the Chinese delegation tried to learn about the activities of the institute and had great difficulty communicating, because most of the Chinese did not speak English and none of the Brazilian spoke Chinese. Despite this problem, however, the agenda for the week was maintained, to exchange information on the technical capabilities of the two groups in various sectors of the project: engineering, testing, fuels, propulsion, launching and the operation of remote sensing satellites, as well as the use of satellites in agriculture, urban planning and monitoring of water and other natural resources.

In addition to a written proposal for cooperation, the Chinese delegation brought a list of description of products, services and components which Chinese industry can supply to Brazil for use in the remote sensing and weather satellites which are being developed at the INPE.

6362
CSO: 3342/162

BRAZIL

PLANALTO, AD POLLS SHOW PRESIDENTIAL SYSTEM PREFERRED

Rio de Janeiro 0 GLOBO in Portuguese 1 Aug 87 p 3

[Article by Cristiana Lobo and Joao Bosco]

[Text] Brasilia--Based on two surveys--one by Planalto Palace and the other by the Democratic Alliance [AD] leadership--President Sarney was assured last weekend that most of the Constituent Assembly members favor a presidentialist system of government, contrary to what had been suggested by the debates during the first two phases of the National Assembly.

The result of the detailed evaluation of trends among the constituent members, conducted by Senator Marco Maciel, president of the PFL [Liberal Front Party], and by Deputy Ulysses Guimaraes, president of the PMDB [Brazilian Democratic Movement Party], was delivered to President Sarney last Thursday by Senator Maciel. This analysis, which also covered the length of the presidential mandate, indicates that a growing number of Constituent members favor a 5-year term, which the president desires.

According to Senator Marco Maciel, who did not wish to divulge the percentages in the Democratic Alliance survey, the preference for the presidentialist system is "overwhelming" and there is a basic explanation for this: parliamentarism is not in the interest of the current governors, those who dream of being gubernatorial candidates or those who aspire to run for Planalto Palace.

The survey conducted by Senator Maciel and Deputy Guimaraes indicates that more than 70 congressmen plan to run for governor of their states and, for this reason, they do not want a system in which the power would be divided.

"Nor does anyone believe that the so-called 'presidential hopefuls' at this time really want a parliamentarist system," Maciel said.

Other congressmen with lines to the government explain that the intensive lobbying by Planalto Palace among the Constituent members, regardless of party, has also contributed to changing a picture which previously indicated a parliamentarist trend.

"The government," said the informant, "is not thinking about a superparty bloc, although such a bloc could be formed. The government goes beyond party lines to promote political causes."

President Sarney's advisors, who confirm the government survey, report that the driving force behind this preference for the presidentialist system is the Northeastern bench in the Constituent Assembly, which sees parliamentarism as threatening to solidify the regional differences in their present form.

"Today, the president of the republic can, with personal determination, eliminate one injustice or another in the region. In a parliamentarist system, the Northeasterners would also have to struggle with the slowness of the system," explained a Planalto advisor.

Another advisor feels, however, that these surveys should not be cause for euphoria, because they may represent, at most, a temporary trend. He observed that the outcome of any vote is determined by the political climate of the moment. One example of this was the vote by the PMDB bench in favor of parliamentarism. On that occasion, the vote was not so much for a system, but rather a show of the party's strength and independence of the government; the previous evening, President Jose Sarney had made a statement to the nation, calling for a 5-year mandate and defending the presidentialist system. The "progressive" current of the PMDB succeeded in creating a climate of opposition to the government, considering the president's statement as undue interference in the party and an attack on the sovereignty of the Constituent Assembly. In this climate, the party chose to vote "yes" to parliamentarism, as a way of replying to the president.

6362

CSO: 3342/164

BRAZIL

RIO GRANDE DO SUL CPT URGES CLASS STRUGGLE; COMMENT

Class Struggle Encouraged

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 7 Aug 87 p 12

[Text] In its most explicit document released to date, evaluating the work developed and outlining its future goals, the Pastoral Land Commission of Rio Grande do Sul [CPT-RS] pledges to fight against capitalism and for the institution of socialism in Brazil, by promoting the "class struggle." The document also admits that the CPT has taken part in organizing the invasion of rural properties and the regional headquarters of the INCRA [National Institute of Land Reform and Settlement], as well as blockading roads and banks, and pledges to support movements of this kind. Among the CPT's successes and advances, the document notes the support of slates of the union opposition and the CUT [Sole Central Organization of Workers] and assistance to the campaigns of PT [Workers Party] candidates. It condemns the present structure and hierarchy of the Church, proposing radical changes; it criticizes the news media for reporting agrarian conflicts in an impartial manner; it warns that it is going to "target the enemies"; and it presents Jesus Christ as the "model of conflict, outrage and agitation."

The 85-page report, recently published, is from the Eighth State Assembly of the CPT-RS, held from 16 to 18 June in Porto Alegre and attended by representatives of 12 of the 24 Rio Grande do Sul dioceses, including Orlando Dotti, bishop of Vacaria, who represents Southern Region 3 of the CNBB [National Conference of Brazilian Bishops] in the CPT. In the preamble of the report, the CPT declares that it is struggling "in the name of God, to liberate the land" and it offers a different interpretation of the discovery of Brazil: "The struggle for land is as old as the history of Brazil. When the invasion began, in 1500, so began the struggle for the land and its fruits. The land was hostage to latifundism."

Among the various political-ideological themes, the representatives of the Diocese of Passo Fundo defended the search for "alternative forms of defense against capitalism" and the "permanent establishment of socialism, looking to a new society." As "successes and advances of the organization," they stressed the "municipal and regional coordination" of the "landless" movements and the winning over of the unions.

The Santo Angelo representatives celebrated the "union reform" movements, the "blockade of roads and banks" and the "building of the CUT." The clerics of Santa Maria made a computation: of the 19 rural labor unions in the region, only 4 are considered "authentic" because their leaders "go along with the CPT line."

The Rio Grande diocesans stressed the rightness of "taking advantage of events" such as the Feast of the Sailors and the Procession of Fatima, which have taken on "new meaning" with the CPT proposals. The clergy of Caxias do Sul declared that "the penetration of capitalism had grave consequences" for the region and they pointed to the "integration and participation of women and youth in the class struggles." Regarding the Archdiocese of Porto Alegre, the CPT emphasizes that, despite the difficulties, the CPT is gaining a foothold in the area and, among its achievements, it points to its part in the organization of the occupation of the Fazenda Sao Pedro, in the neighboring city of Guaiaba.

In its document, the CPT-RS uses the word "struggle" dozens of times, pledging to "organize more struggles," and it expressly acknowledges that its work methods seek "confrontation." In this regard, former exile Luiz Alberto de Souza, one of the CPT advisors, spoke of the emergence of conflicts in the South. "In the 1960's, before the coup, the conflicts were sharper in the Northeast. In 1977, the focus of the conflict was the 'Parrot's Beak,' northern Goias, Para, Acre and Mato Grosso. It seemed as if Rio Grande do Sul would remain at the tail end of history. Nothing at all was happening here. But, starting in 1980, the conflicts and the great struggles were already beginning to appear in the South."

For his part, advisor and attorney Jaques Alfonsin argued that the land invasions are "a legitimate right of poor people, as against the legal right of the rich." He commented: "The juridical procedural instrument in defense of the right of the rich--private ownership--against the right of the poor--possession--no longer functions. So that, no matter how much this struggle crushes us, kills us, seems to have no solution, we must have hope, based on these demonstrations of civil disobedience." He argued further: "It could be that man's laws are against us, but God's law is in our favor."

In fact, in several passages of its report, the CPT-RS considered it necessary to encourage a "rereading" of the Bible, emphasizing: "This is what characterizes the CPT: people who have faith and who believe in the power to change the world. This change is made in the light of this same faith, the light of the model of Jesus Christ. And the model of Jesus Christ was one of conflict, of outrage, of agitation, to the point that he was condemned to death on the cross."

Church Called 'Subversive'

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 8 Aug 87 p 3

[Commentary]

[Text] The "Progressive Church of Brazil" has finally decided that there is no longer any reason whatever to disguise, by implicit, ambiguous or allegorical language, its real intention to provoke a bitter class struggle in this country,

to bring an end to capitalism and to install a socialist regime, at the cost, obviously, of an armed conflict and much bloodshed. It has definitively opted for explicit subversion, in crystal clear, programmatic language and with all the connotations of Marxist-Leninist orthodoxy, no longer subject to free interpretation.

Such a position, which certainly indicates a great move toward clarity and honesty in its propositions and coherence in terms of word/deed, is abundantly illustrated in a lengthy 85-page document, produced by the Pastoral Land Commission of Rio Grande do Sul. This recently published report contains the conclusions of the Eighth State Assembly of the CPT-RS, attended by representatives of 12 of the 24 dioceses of Rio Grande do Sul, including the bishop responsible for Southern Region 3 of the CBBB. It is a real, highly explicit, treatise on subversion, proposing direct "confrontation" (i.e., armed), broad, general and unbridled disrespect for the laws, the institutions and the very government of Brazil, not to mention a "reinterpretation" of the history of the country (referring, for example, to the discovery of Brazil as an "invasion") and of the figure of Jesus Christ himself, who is now called a "model" of "conflict, outrage, agitation" (and no longer one of "love thy neighbor as thyself").

Going beyond merely programmatic proposals, the document reports specific activity by the Pastoral Land Commission, admitting its participation in organizing invasions of rural property, in the invasion of the INCRA headquarters and in the blockades of roads and banks. It has also attacked the news media (surely seeking to put an end to freedom of the press) and the structure and hierarchy of the Church (stopping only at advocating the definitive elimination of the figure and function of the pope) and has pledged to support all the invasion movements, blockades and so on, such as the ones cited. The document also recounts that the CPT has sponsored candidates of the union opposition and CUT affiliates and has supported PT candidates' campaigns. Finally, the document contains a clear threat, which is to "target the enemies."

Thus we see that, with regard to detailed, insurrectionist, subversive programming, nothing is missing in this document of the Rio Grande do Sul Pastoral Land Commission.

It is obvious that the advisors for such a program are not naive enough to think that all these threatened rural landowners--and, given the CPT's general and specific proposals, all [in italics] rural landowners must feel threatened--are going to sit with their hands folded, waiting passively and docilely to be driven off their land by force, or that they are willing to be the victims of this incited "class struggle." Civil law itself permits the use of personal force in defense of privately owned or legally occupied land.

Thus the members of the Progressive Church of Brazil cannot pass themselves off as poor victims when their proposals or violent actions evoke equally violent reactions from those who are unwilling to be forcibly deprived of their rights. Those who preach direct confrontation, against the laws and against the state, cannot come seeking the protection of the law or of the state. Those who seek to incite continuing warfare in the countryside cannot remain immune from its effects.

Such is the gravity of this document by the Rio Grande do Sul Pastoral Land Commission that it must certainly result in an official statement from the CNBB and from the Catholic Church leadership in Brazil--whether of repudiation or concurrence, since, in this case, mere silence can only be considered assent, with all the consequences this could have for the situation of Catholicism in this country.

6362

CSO: 3442/162

COLLOR DETERMINED TO PUT AN END TO 'MAHARAJAS'

81424484 Sao Paulo VEJA in Portuguese 22 Apr 87 pp 5, 6, and 8

/Interview with Alagoas Governor Fernando Collor de Mello on his crusade against millionaire government employees, by Laurentino Gomes; date and place not given/

/Text/ Barefoot, wearing a white kimono with a black band on his belt, Alagoas Gov Fernando Collor de Mello, 37 years of age, a man who on first appearance appears to be halfway between a bronzed youngster from Rio's Zona Sul and a highly successful young lawyer begins his day invariably aiming blows at imaginary targets. Grandson of a minister of labor, son of a former governor of Alagoas, Fernando Collor is married, has two children and has twice been karate champion of Brazil. He is a journalist and the owner of his state's largest communications network. In less than 5 minutes he usually gives a clear picture of what he hopes to accomplish. Whether he will have the strength and determination to achieve all that he is promising is a question which only time will answer. However, there is no doubt that he got off to a good start. "I recognize that I am taking daring measures," says Collor. "But I am going to restore the authority of my office regardless of who gets hurt."

Two weeks after taking office, Fernando Collor obtained a restraining order from the Federal Supreme Court suspending the payment of additional remuneration to the so-called maharajas of his state--a group of about 1,000 government employees whose salaries were multiplied by a whole series of fringe benefits granted through laws passed by previous regimes. On the strength of that first victory he prepared a disarmament campaign in Alagoas and opened fire on the sugar-mill proprietors, a small group of families who control 60 percent of the regional economy and owe the State Bank \$140 million. "I shall collect that money to the last cent," asserts the governor. Last week Fernando Collor held the following interview with VEJA:

"I Am Just Beginning My War"

VEJA: Are you play-acting?

Collor: Whoever thinks I am bluffing will end up paying the bet. I have always carried out what I promise and I am stubborn in this regard. I recognize that the measures which I am taking are very bold in relation to the type of governors which Alagoas has had until now, but no one should be surprised by those measures. There is a crime syndicate operating in Alagoas and I want to put an end to it.

There is a cast of government employees, or maharajas, who have always defied any law and any power. I am going to combat them to the end. There are non-progressive and perverse economic groups manipulating the state's economy and I intend to confront them. They were all big-shot voters of the past regime. I have no commitment to them and am therefore at complete liberty to challenge them. It is necessary to restore the credibility of the office which I am occupying and the image of the state which I am governing. I come from a generation which did not have an opportunity to participate in policy matters in recent years and I intend to help the people of my state recover their expectation and belief in public morality.

VEJA: What guarantee can you give that you will not repeat all the errors that you are criticizing?

Collor: My word. I am just beginning. My war is against the four pillars which, until now, have been supporting Alagoas politics: the crime syndicate, economic power, penal contravention and administrative disregard for law and order. That is what was maintained by the state governors in power. In order for Alagoas to get back on the right track, I must fight those enemies. I do not accept any kind of conciliation or understanding with them.

VEJA: Why so much zeal in combating the maharajas?

Collor: The task of all governors now in office is to clean house. There is no use to speak of a government plan. How do you govern chaos? The scenario is devastating for the one who is just arriving. The states are contaminated by administrative disregard for law and order, disrespect, the lack of hierarchy and the lack of prestige of the public function which is responsible for making the administrative machine work. So it is necessary first to step on firm ground before initiating government projects. We have always prided ourselves on being in the land of the marshals, for it is here that Deodoro and Floriano were born. Now we have become the land of the maharajas. We have become the butt of national jokes. It was impossible to let this continue. That is why I have so much zeal in combating them.

VEJA: Do you have relatives working in your government?

Collor: No. A newspaper confused the facts and mentioned the case of former Deputy Laercio Malta, current president of the Alagoas Energy Company, as nepotism, because he is related to my wife. The former deputy is a politician from a traditional family in the interior which has been participating in the public life of our state for many generations.

The Workers Have Become Trash in the Plants

VEJA: You were supported by two big plant owners in the electoral campaign. Now you want to recover from them and other plant owners a debt of \$140 million owed to the State Bank. There are also many maharajas among your allies. Will you have enough ammunition to win this war?

Collor: The measures which I am taking are of a general nature. If they were of a revengeful nature, they would not meet with so much reaction; nor would they affect those who are cooperating with us. It is not the intention to persecute anyone in particular. The merit of the measures is that they do not permit any exceptions. They must be carried out, no matter who gets hurt. My task is to restore the authority and austerity of the governor's function. The ones who preceded me treated the people with ridicule. They used their office to obtain astronomical personal salaries and transform the state into an unlimited source of employment for family members.

VEJA: You who come from the Alagoas elite are against economic power?

Collor: I am in favor of free initiative and market economy. What I cannot stand is the personal estates which develop from the sugar mills which control 60 percent of the state's economy but which, in truth, serve only to drain its resources. It is a strictly predatory activity from the social viewpoint. In the sugar mill it is not only the sugar cane which becomes bagasse but also the worker.

VEJA: Do you want to eliminate the Alagoas plant owners?

Collor: No. I want to reorient the state's economy. There are honest and competent businessmen among the plant owners, but they are the exception. Most of them received subsidies with loose pay-back terms and used the money for other activities.

VEJA: What activities?

Collor: They used cheap money from the government to enrich their personal estate. They purchased cattle, ranches and houses. The governors who preceded me were the messenger boys of those people.

VEJA: What do you intend to do to change that situation?

Collor: My position is very clear. I have already told President Sarney that the government cannot supply funds under privileged conditions to industries unable to prosper in their activities. The businessman must furnish money from his own pocket to show that he has confidence in what he is doing. The plant owners are indebted to the state and will pay to the last cent.

VEJA: But they say that they do not have any money.

Collor: Then they should give up their land. I am going to take steps to initiate extensive and exemplary agrarian reform. I recognize that the price of alcohol and sugar is out-of-line and needs urgent correction. This is no excuse to incur a bad debt with the state or exploit the employees. The businessman must furnish medical assistance, food, workers' rights, education. Especially in Alagoas where most of the economy is in the hands of the plant-owner cooperative. As for the debt, nothing is definite. We can sit down and discuss the subject, but they must pay with what they have, with land, bicycles, launches or planes.

VEJA: You began your political life as a member of ARENA along with former Alagoas governors Divaldo Suruagy and Guilherme Palmeira. Why did you not break with them before now?

Collor: I began with them but not by playing into their hands. Those individuals give themselves more merit than they really have. I always walked on my own legs. I come from a family of politicians. My grandfather, Lindolfo Collor, was the first minister of labor in the Getulio Vargas regime and it is he who established the basis for the present Brazilian worker legislation. My father, Arnon de Mello, 37 years ago, broke the cycle of violence in Alagoas upon being elected governor. However, I am not the fruit of action among friends.

VEJA: Even so, why did you not break with them before now?

Collor: I am not in the habit of repenting over positions taken in the past, but I can say with complete conviction that I am very happy now that, as the poet says, I am where the people are. Concerning the past and living together with those men, I can only lament the time lost and the possible political error.

VEJA: You are now combating job handouts, but just before leaving the mayoralty of Maceio in 1982 you hired more than 3,000 new employees in less than a week. Have you changed between then and now?

Collor: I was caught in a booby-trap. During my last week as mayor, I began an hourly project in Maceio. I did not have time to examine all the documents given to me. One of those documents concerned the hiring of 16 new employees for the city's educational foundation. I signed and only later learned that I had made a mistake. They used the list to add thousands of names as though I had authorized the hiring of all of them. Never again have I committed an error of that kind.

VEJA: But Senator Divaldo Suruagy says that you did not act in bad faith, that it was at least naive and that a politician cannot afford to make either mistake.

Collor: The people have already made their judgment. I was the federal deputy who received the most votes in Alagoas in 1982 and I am now governor. I have already settled accounts with those who have a moral right to judge me.

"I Kept My Word in Voting for Maluf"

VEJA: Your opponents say that you are a government partisan converted to the opposition at the last moment. You voted for Paulo Maluf in the Electoral College. Did the PMDB convert you?

Collor: I voted for Paulo Maluf because I am accustomed to keeping my word. The same man who kept his word in voting for Maluf is now pledged to put an end to the administrative malefactors and maharajas of Alagoas. Breaking one's word shows serious disrespect for the will of the people. It is the most serious error that can be made by a governor.

VEJA: Now that you are in the PMDB, what is your opinion of former Governor Maluf?

Collor: Exactly the same. The former governor is an obstinate man. This is undeniable. And to reach this conclusion, one does not need to know him very well. One has only to read the political news of recent years. At a certain moment Paulo Maluf became a scapegoat of domestic policy; so much so that the current situation in Brazil also reflects this insatiable search for scapegoats. Minister Dilson Funaro, victim of that genuine mass sport, is a current example of the need which many people preserve to find someone to blame for a situation which, in effect, is only a reflection of serious organizational distortions.

VEJA: In the electoral campaign you did not receive the support of a large part of the PMDB and even of the leftist parties. What is your PMDB?

Collor: It is the PMDB of Mario Covas.

VEJA: Why that of Mario Covas and not that of the party's chairman, Ulysses Guimarães?

Collor: Also that of Ulysses. I respect Ulysses very much and his trajectory of struggles, but Senator Mario Covas is the one who coalesces the hopes of the vast majority of the party members. He is my candidate for the Presidency of the Republic.

Funaro More Victim Than Executioner

VEJA: Why Mario Covas for president?

Collor: I believe that the election of Senator Mario Covas to the PMDB leadership in the Constituent Assembly was surely the most important event which occurred on behalf of the party in recent times, for it revitalized the party. The election of Covas was perhaps the last step that the PMDB could take to re-encounter its struggle faction, its programed principles, its dignity as a converting party.

VEJA: Should the PMDB take the government's position or that of the opposition?

Collor: That question is now one of less concern to the PMDB and more concern to President Sarney. When I say that decision is lacking on certain fundamental questions, perhaps this is the most important. The present cabinet, the current team of President Sarney, does not reflect the will of the voters expressed last November. The people chose the PMDB as its preferred party. The PFL cannot claim credit even for the election of the only governor of its party who was elected much more on his personal merit and on the basis of the support which he received from his predecessor who governed well. The president must make a choice with regard to the party with which he expects to govern. I suggest that the president take into consideration the will of the people, or that lack of

decision will prejudice the success of his government and the position of the PMDB which remains ambiguous due to the president's posture.

VEJA: What do you think of President Sarney?

Collor: Indecision is his most serious defect. The president needs to take command of this nation. We are taking part in a soccer game without any referee. Under these conditions the party cannot come to terms.

VEJA: Do you favor a direct election for the president?

Collor: Yes indeed. Always a direct election. I voted for Dante de Oliveira's amendment and believe that there is no hope for a truly representative government without a direct election for the president, especially because we are experiencing a strong and concentrated presidential regime. After all, any person who occupies a public position thanks to the popular vote appears more representative than a president chosen by only a few hundred privileged people in an electoral college.

VEJA: When should the direct election be held?

Collor: Soon. I think that the question of the duration of the president's term of office should be defined by the Constituent Assembly, to be sure. But first we need to define the regime to be adopted after publishing the new Constitution. At this point in the championship a term of 4 years for President Sarney is more than reasonable. A good date is 15 November 1988.

VEJA: Do you agree with the criticisms made by the governors of Sao Paulo and Minas Gerais concerning Minister Dilson Funaro?

Collor: The minister is more victim than executioner. The corrections of the Cruzado Plan were to have been made in June or July of last year. Minister Funaro wanted those corrections to be made but was hindered for electoral reasons. What was a bad cold became acute pneumonia. I do not endorse the criticisms of those governors because I am distrustful of that joint opinion. I respect very much the 70 percent of the GDP which they represent, but I believe that those governors are being elitist and arrogant. I who am part of the bloc of poor governors believe that meetings of that type are not an adequate forum for discussions of that nature.

VEJA: What should President Sarney do to improve his government?

Collor: In this regime the president has exceptional power. He owns the pen and paper. Therefore, he is the only one responsible for the success or failure of his government. I should like for President Sarney to take a definite stand. Society is perplexed and the political class is astonished while waiting for the president's definitions. Except when it is a matter of changing cabinet members in which he speaks clearly. Let him speak out on the matter of interest rates, on the disposition of the foreign debt. The country can no longer stand that indecision.

The President Keeps the Keys to the Safe

VEJA: What is the real power of a governor these days? How do you intend to combat the crime syndicate in Alagoas if your police do not have automobiles or fuel to chase after gangsters?

Collor: In effect, the governor is a victim of an incongruency. Brazil is called a Federative Republic, but it is a unitarian republic. We cannot have a federation without financial and administrative autonomy on the part of the states and cities. I believe that it is time to go from words to action. Until now, many have spoken of tax reform, but nothing definite has been done. The asphyxia of the federative regime has emerged from the centralized action of the Presidency of the Republic itself. The president does not want to share that power with anyone. Therefore, he keeps the keys to the safe. That is the way to manacle and obtain docility on the part of the governors and mayors.

VEJA: Are you a parliamentarian?

Collor: Parliamentarianism is the ideal form of government, but it must be founded on strong democratic institutions. This does not exist in Brazil. The Constituent Assembly will have to find a middle-way, a system which provides stable conditions for a democratic government, therefore not as centralized as at present.

VEJA: With your moral crusade you have made great strides in the country. Do you perhaps think of becoming Mario Covas' vice president?

Collor: This is farther away than the moon before they invented the NASA rockets.

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BRAZIL

CAIADO ON AGRARIAN REFORM, COVAS, BRESSER

Sao Paulo AFINAL in Portuguese 7 Jul 87 pp 51-55

[Text of interview with Ronaldo Caiado, president of the Rural Democratic Union, by Flavio Gut, date and place not given]

[Text] On Thursday, 10 July, the Rural Democratic Union (UDR) will sponsor a great march of rural producers to Brasilia, to put pressure on the [Constituent Assembly] Committee on the Financial System to approve a non-nationalizing proposal for the Brazilian economy. Goias physician Ronaldo Caiado, aged 47, is president of this organization which, in just 2 years, has lined up 114,000 members throughout Brazil. In this interview with AFINAL reporter Flavio Gut, Caiado rejects the conservative and reactionary label assigned to the UDR, he defends agrarian reform in his own manner and he says that, if it would aid the cause of direct elections in 1988, he would mount the speakers' stand beside Leonel Brizola, Mario Covas and Luiz Inacio Lula da Silva.

[Question] What is the UDR today?

[Answer] Today, the UDR is simply the largest civilian body of rural producers in Latin America, with 120 regional associations in Brazil and more than 114,000 members. It is a free and independent body, self-sustaining, which has real mobilizing strength and it knows how to practice democracy. It is a grass-roots organization; it was not born in the large centers. We want to demonstrate that we know how to conduct class politics. We want a movement such as there has never been in Brazil, a movement such that, when a leader gets up to speak, he is speaking in the name of 500,000, a million or 2 million rural producers.

[Question] Leadership of the UDR has given you national recognition. Do you plan to run for elective office?

[Answer] No. I would lose the confidence of the rural producers, because there is nothing worse than using something like this as a springboard.

[Question] Why not? Perhaps at long range?

[Answer] No, because I don't believe this is the answer.

[Question] What is the answer?

[Answer] The answer is to create an organization like the UDR throughout Brazil--in the urban centers, in industry, among housewives. This is where the new leadership will awaken, men who will be able to call to our society--unbought, uncorrupted, no strings, no nothing. I think our generation will pay attention to someone like this, someone who does not go along with the old politicians and with whom Brazil can start fresh.

[Question] Senator Mario Covas does not strike you as new leadership?

[Answer] No. Not Covas. He is completely compromised. He is very partial, very biased. There is nothing democratic about him. He is a wolf in sheep's clothing.

[Question] Are you disenchanted with him?

[Answer] Sure. He really showed his true colors on 23 May, during the vote in the Subcommittee on Agrarian Reform. That day, he made the most authoritarian and aggressive moves that I have ever seen in a democracy and behaved much more like a leader of the PC [Communist Party], PT [Workers Party] or PC do B [Communist Party of Brazil].

[Question] How so?

[Answer] In the first place, 2 days before the vote was to be taken, he named Marcio Lacerda, a senator from Mato Grosso, to the subcommittee. Lacerda had never served on the subcommittee and had no place voting on it. This way, Covas could be certain that Oswaldo Lima Filho's draft bill would be approved, and not Rosa Prata's substitute bill, which was supported by all reasonable men and which shows how agrarian reform should be conducted in our country. As if this weren't enough, when Mario Covas saw that, in the absence of one of the deputies who thought the way he did, his alternate, Jose Mendonca (also of the PMDB [Brazilian Democratic Movement Party]), would vote against Oswaldo's bill, what did Covas do? At about 1 am on the 24th, he went to the ridiculous length of attempting to cassate Jose Mendonca and replace him with another deputy. This is a man who, up to a little while ago, was criticizing the dictatorship and violence. I think this incident demonstrates how biased he is; he took off the mask of the just, impartial man who truly accepts the democratic result. He doesn't accept a thing; he is the big boss of the politbureau. This is a great disillusionment.

[Question] How did the vote come out?

[Answer] God be thanked, 13 to 12.

[Question] Have there been other victories for the UDR in the Constituent Assembly?

[Answer] Yes, in the Committee on the Economic Order, we won more comfortably; 39 to 16. Extremists like Mario Covas, Roberto Freire, Jose Genoino, Aldo

Arantes reached the limits of desperation. They attacked the chairman, they delivered a slap in the face to Deputy Jose Lins, they pulled out the microphone wire, they pulled papers off the table. I have never seen behavior like that, not even in our academic committee disputes.

[Question] Are you disenchanted with the Constituent Assembly?

[Answer] It is hard to believe that the constitution is being written this way. They do not accept the democratic way; they do not have the grace to accept the result of a vote. Now they are going to the public and saying that agrarian reform has been destroyed. This is a lying message; it is an untruth. We must warn the public. Jorge Viana's substitute bill provides for agrarian reform, but an agrarian reform in which the conditions will be there for the settlers to produce, to be competitive and to make a living from the land--not this agrarian reform that these men want, reform that is only concerned with expropriations.

[Question] Then, if the reform is going to work, why is there so much protest from the so-called Left?

[Answer] Because they are not interested in the social good; they are interested in creating a climate of conflicts, of expropriations, of attacks against private initiative, against the right to own property, to create a climate of revolution, of internal struggle. This is their real objective.

[Question] Isn't this a simplistic view?

[Answer] If this is not the case, then why aren't these men asking the government why there are no settlers on 1.8 million hectares of land that has already been expropriated? Why aren't they concerned that, in Pontal do Paranapanema, one of the most productive areas of Sao Paulo State, the men are not producing? Why aren't they concerned about the 80,000 families in the INCRA [National Institute of Land Reform and Settlement] projects who are going hungry?

[Question] Are you in favor of agrarian reform?

[Answer] We have always been in favor of it--so much so that there is an agrarian reform bill in the Constituent Assembly, clear and well defined, with which we agree 100 percent. Let us make it possible for the government to expropriate land and settle rural workers who need land, men with a vocation for the land. Now, it is important to make it clear to urban society that agrarian reform was launched as if it were a magic wand that was going to solve all the problems of poverty, of crime in the cities.

[Question] In a certain way, this is true, isn't it?

[Answer] No, this is not true. The truth is very clear today. If the people in the cities could go into the interior of Sao Paulo or Parana, they would see that the great rural exodus is occurring right now.

[Question] Because of a mistaken economic policy? The Cruzado Plan?

[Answer] A completely biased policy, totally divorced from reality. They wanted to let the people have grain at prices that were so ridiculously low that they didn't even cover the cost of production; they wanted to be generous at the expense of someone else, and that's the truth. So now the rural producer is not making enough money to pay off his debts. How can we have agrarian reform without an agricultural policy?

[Question] Then why is there so much more to-do about agrarian reform than about agricultural policy?

[Answer] Why? Because it shows up on the public opinion polls, because it provides a platform. Because this way the politicians hold it out to the urban population, which knows nothing about the reality of the countryside, as an alternative.

[Question] And it isn't?

[Answer] If the government picked up a "favela" [slum shanty town] in the city and put it down in the country, it would be a "favela" in the country. And this rural "favela" would not be there very long, because there the people would be isolated from the centers of education, health, transportation and all that. Automatically, the people would move back to the cities.

[Question] What about the settlement programs?

[Answer] Look how demagogic this government is. You need only travel around Brazil, as I am doing, and you will see. There are 62 INCRA projects, with more than 80,000 families. And it is in these locations that the biggest exodus is taking place. The people stay there as long as the government is still paying a minimum monthly wage. To the extent that the government cuts off this wage, the man will leave the land, trade it for a bicycle or what have you and go back to the city.

[Question] He is not a farmer.

[Answer] Very often, he is not a farmer. Even if he were a farmer, it is not enough to have a vocation for farming; it requires know-how, machinery and a certain ability to complement what the banks lend us with our own resources. These men have none of this. Their productivity is very low. On certain land, where the rice yield, for example, is as high as 80 sacks per hectare, they are managing to produce 20 to 30 sacks. When they harvest their crop, it is not even enough to sustain them.

[Question] So he gives up the land.

[Answer] And goes back to the city. No one stays when there is no prospect of a profit.

[Question] Then how does one turn the landless into rural producers?

[Answer] In the first place, we must have done with the term "landless," because there is no such term in Brazil. This is a term created by these little leftist shopkeepers. There are no "landless"; there are farm workers.

[Question] Then how do you turn the farm worker into a farm owner?

[Answer] It is only possible if there is an agricultural policy that guarantees the conditions for this worker to support his family with the proceeds from his crop. You cannot dissociate agrarian reform and settlement from agricultural policy. And there is another important point; where are we going to settle these workers?

[Question] I would like to know. I think on land that is not being put to productive use, no?

[Answer] Of course, but the difference between our proposal and the proposal of the Left is that we are concerned with expropriating unproductive lands, but we want the government's land to be used first.

[Question] The government is not doing its part?

[Answer] No. It must explain why it has 112 million hectares of fallow land in Brazil; it is the biggest latifundist in the world, and yet the government insists on expropriating land from people who are already producing on it.

[Question] It is a question of giving more people a chance.

[Answer] Listen, what I am saying is true. I have just come from Rio Grande do Sul, where something unprecedented is happening. Several people were settled on the Fazenda Anoni, but the workers are incapable of developing the land. Do you know why? Because the conditions are not there. They were just settled there; they haven't been given assistance of any kind.

[Question] Not even money for seed, for example?

[Answer] No. Do you know what is happening? The settlers are leasing the land to a cooperative and receiving 10, 15 or 20 sacks per hectare at harvest time. They are renting out the land for part of the crop. They are not planting.

[Question] The cooperative is doing the planting?

[Answer] And out of the crop, 15 or 20 sacks are paid to the peasants. We cannot create situations like this. It is unnecessary to throw all these people into the countryside. We can't go against a system that works.

[Question] And what works?

[Answer] All over the world, the rural population is declining. There is an increase in technology, increased yields per hectare and a better return.

[Question] This is what is happening in the United States?

[Answer] And also in Australia and Canada.

[Question] Mechanized farming?

[Answer] Yes, with few people in the country. In the United States, only 4 percent of the population is rural.

[Question] And in Brazil?

[Answer] About 35 percent. Nowhere in the world is it possible to transfer the urban population to the countryside, except in Korea or China, where the transfer was made at the point of a machinegun.

[Question] Should Brazilian agriculture be internationalized? Should we put it in world parameters?

[Answer] Sure. Modern technology is needed. It won't be with the axe, the hammer, sickle or some such that we are going to make Brazil productive. It cannot be done.

[Question] But what we are seeing so often in Brazil are huge spreads devoted to extensive livestock farming, which, in fact, produces very little in terms of the area devoted to it.

[Answer] And how is this landowner going to convert this land to crops, when men who have land which is much more accessible and with storage facilities available to them are going bankrupt? Only a madman would think of turning the Pantanal or those regions in Mato Grosso, where there is extensive ranching, into productive cropland for Brazil. These men would not survive the first year; they would be completely wiped out. It is much better to use land to raise cattle than to leave it like the government's lands, which produce nothing.

[Question] Nothing?

[Answer] No one defends huge, unproductive estates, but they cannot be productive unless we create the proper conditions. Here, yes, the individual who is not producing is a land speculator and his land should be expropriated. We do not defend the speculator.

[Question] And the large landowners?

[Answer] What is a large landowner? According to the INCRA, it is anyone who has more than three rural modules. In Sao Paulo, anyone with more than 30 hectares is a large landowner. So what is a latifundist? Olacyr de Moraes, who has 40,000 hectares of land under cultivation? So when the likes of Oswaldo Lima Filho proposes that no one may own more than 100 rural modules, Olacyr would keep 5,000 hectares and would give the other 35,000 hectares--to whom? What does he do with the rest?

[Question] This is one example, but there are people who do not have this same spirit.

[Answer] It is unjust to go today to a region of Para, or Rondonia, Acre or Amazonas, and label someone a latifundist. The fellow will say: 'No sir, you are mistaken. I lost my family. I have had malaria. I struggle with all the

problems. I left my home and the good life in Sao Paulo and, single-handed, I have been developing this land. And now comes this guy, all clean and neat and sweet-smelling, in a little jet plane from the INCRA, and tells me I am a latifundist? No sir, I am doing as much as I can. Give me the right conditions and I will develop more of my land." Why criticise the man who has a few more hectares of land and not the man who has a few more banking agencies, a few more stores?

[Question] Then the government shouldn't meddle with the big estates?

[Answer] I think the land should remain in the hands of the man who knows how to produce. If someone has 10,000 productive hectares, good for him. If he has 50,00 or 100,000 hectares, congratulations again. I usually say I have only 2,500 hectares, along with my brothers. I would like to have more; I would like to be producing more.

[Question] And the preaching of the Church, the option for the poor? Most of the rural landowners are Catholic, aren't they?

[Answer] I would say I am not only Catholic (I come from a Catholic family), but a practicing Catholic. I think we are being attacked. I would not say this of the Church as a whole. The likes of a Boff, a Casaldaliga, a Gurinot--they are dishonest. But this is not the majority of the Church. But the Church is also worried. Do you know why? Because it is losing its evangelical spirit, the spreading of the word of God. Listen, one thing impressed me when I got to Rondonia, in a city called Ji-Parana. I had finished a UDR meeting and I commented to my colleague how lovely it was to see all the people in their Sunday clothes, going to church. He told me: "We have only one Catholic church here; all the rest are Protestant churches...." People are noticing today that, in northern Brazil, Catholicism is no longer predominant.

[Question] Why?

[Answer] It is not that Catholicism is wrong. It is that men who are there, calling themselves priests, are no longer really convincing to the Brazilians. Because they talk about worldly things. They talk about invasions, violence, attacks. The people there would like to hear another message. We cannot allow these men to come saying things that are not consistent with the Catholic Church. They are wedding the Bible to Marxism, for God's sake! This is impossible, this makes no sense and we cannot tolerate it. To hear Brother Betto say that religion is the opiate of the people, that a communist is a Catholic without wanting to be and a Catholic is a communist without knowing it, really boggles the mind of any Brazilian.

[Question] But the Church speaks against dog-eat-dog capitalism, against the miserable conditions of the poor, and not just against rural producers and land disputes.

[Answer] I think they are a little deceived. They need to know that the enemy of society is not the individual who is productive and who makes a profit.

[Question] Who is the enemy of society?

[Answer] It is the state, it is the corrupt machine, it is all this nonsense that is going on. In a program of aid to minor children, only 10 percent of the funds really reach the children and the other 90 percent is eaten up by the bureaucracy. There are 1.5 civil servants for every minor served. This is the enemy of society, not we who pay our income taxes every day, we who produce and [?pay] the civil servants.

[Question] After believing in the changes, are you disillusioned with the government?

[Answer] I believed it when it was said there would be an end to the corruption. I think that, without a doubt, the great cancer in the country is corruption. If we could see to it that Brazil is going to have an honest government--it could even be incompetent, but honest--I am certain that this government would have credibility and we would get out of this situation of chaos.

[Question] Do you have faith in Finance Minister Luiz Carlos Bresser Pereira?

[Answer] I think that he may not be a charismatic person, with the bearing of a minister of state, but he seems to be a man of recognized competence. Now, as to his political skill, I don't know. Unfortunately, he himself admits that he talks up a storm. I think that, to be a minister of state, in addition to an understanding of economics, a man must have the ability to make people believe in what he proposes.

[Question] Do you support the Bresser Plan?

[Answer] Yes, but I would like to tell Minister Bresser not to be so quick to accuse the livestock farmers of wanting to destabilize or sabotage his plan. No such thing. The minister must understand that the cattle rancher obeys the law of the market. If we are crucified at harvest time, we have the right to get the very best price in the off-season. This is the law of the market. The minister cannot control the price of beef by decree law.

[Question] Are you in favor of internationalizing the Brazilian economy? Of opening the doors?

[Answer] I think so. The market reserve has no benefits for rural producers.

[Question] But there is a market reserve for computers.

[Answer] Why do computers need a reserved market and rice doesn't?

[Question] Does the international market price pay off for agricultural production?

[Answer] Here comes a Dilson Funaro saying: "I am not going to buy Brazilian rice because it is very expensive." He left 2 million tons of rice in storage in Rio Grande do Sul and purchased rice from Thailand--rotten. At that moment,

it is not important what it costs the Brazilian producer because Thailand sells rice cheaper. And this is not true, people know it is not selling [cheap]. These little deals are made to use up our reserves and our money goes into some Swiss bank accounts, which are not those of the Brazilian producers.

[Question] How does the UDR feel about the label of reactionary Right?

[Answer] When an organization grows as the UDR has grown and takes on real representativity among the Brazilian people, men who have always gone too far will try to lie to the people, labeling the UDR as reactionary, retrograde, rightist thugs.

[Question] And the killings in the Parrot's Beak?

[Answer] There is also the death of Father Josimo, the arms of Nobistar; these are things that no one has ever been able to prove. And when the truth begins to surface, these men make more accusations than denials. No one throws rocks at a tree that does not bear fruit. We have demonstrated this. We have charged that these land disputes are stirred up by the CPT's [Pastoral Land Commissions] and have nothing to do with pastoral letters. They are stirred up by men with Nicaraguan or Cuban passports who have never planted a single slip of rice and they say they represent the landless. This is the real truth. I can say that the climate on a rural estate is a thousand times better than in any other sector of private enterprise.

[Question] But the UDR has an openly conservative lobby in the Constituent Assembly.

[Answer] The opposite of progressive is reactionary, right? Margaret Thatcher is seen as a conservative--she is a member of the Conservative Party. And yet there has never been so much progress in England. She is showing how to govern a country. She has made England a modern country again, with a better per capita income. She has done things that we would all like to see in a country like Brazil. And she is conservative. So, what is conservative and what is progressive? Margaret Thatcher is a conservative and there is no one more progressive than she is.

[Question] So the UDR lobby in the Constituent Assembly is progressive?

[Answer] The term progressive was usurped. In fact, we who work are the progressives. They are trying to say that the Constituent Assembly is regressive, but this is not so. It is an attempt to denigrate the Constituent members. Everything that is being approved in the Assembly is by majority decision and by majority vote. It is not the place of one or two people or a little group of a dozen men to say what is right or not. That is not democracy; it is polit-bureau.

[Question] Are you in favor of direct elections?

[Answer] Yes, sure. In 1988.

[Question] Are you going to take to the streets to speak out for direct elections?

[Answer] We have been talking about direct elections since April. I think that not only I but all the class of rural producers are waiting to see the results of direct elections. Everyone is thinking that they will put the kibosh on these little leftist shopkeepers. We shall see.

[Question] And if the elections come up with a Leonel Brizola or a Mario Covas, for example?

[Answer] I will accept it. We are the opposition and the opposition has a very worthy place. If it is a Sr Covas or a Sr Brizola, we will be in the same position we are today, of contestation, of criticism. If they do something for agriculture, they will be applauded, but if they attack our sector the way they have been doing recently, we will fight them the same way we are fighting against the present government.

[Question] Yes, but both you and Leonel Brizola and Mario Covas want direct elections. Would you mount the platform beside them to speak out for direct elections?

[Answer] As long as the only principle involved is direct elections.

[Question] It would not matter to you to have Brizola on one side and Lula on the other side of you?

[Answer] No, as long as neither of them used the occasion for their own electoral interests.

[Question] Whom would you vote for?

[Answer] Let the parties put up their candidates.

[Question] Are you a presidentialist?

[Answer] No, I am for a parliamentarist system. But I don't think Brazil is in a position to establish parliamentarism. I think it would be very disillusioning if the kind of phony neoparlamentarism that they want were installed. They are using this theory as a way of continuing with the government that is there now.

[Question] For whom did you vote in the last elections?

[Answer] I voted for my friend Pedro Canedo, of the Goias PFL [Liberal Front Party]. He was the federal deputy who received the most votes of any opposition candidate.

[Question] Are the conditions there to change the face of this country?

[Answer] They are. Just put an honest man in the leadership of this country. A man who will privatize, who will put these people out in the street,

who will bring the public deficit out in the open, who will put corrupt people in jail. These guys cannot do what is being done in Brazil now. They cannot do these absurd things with the state machinery and then simply submit their resignations. No, sir. They will have to answer for their actions, they will lose their property, they will go before a court of justice. When I borrow money from the bank to plant and my crop fails, I have to destroy my life, sell my house and my land to pay my debts. And these guys who do all these disgraceful things in the country and still leave crowing like roosters--what kind of nonsense is this?

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BRAZIL

PRINCIPAL CHALLENGES TO SUCCESS OF BRESSER PLAN DISCUSSED

Successes, Questions

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 12 Aug 87 p 22

[Text] The decline of inflation from the peak of 25 percent in May and June to 3 percent in July and a predicted 4 percent in August is the principal achievement chalked up by the Bresser Plan. After 2 months in existence, it faces three major challenges: the management of the price decontrols, control of the public deficit and the problem of overcoming the impasse in the foreign negotiations.

In the view of Planalto Palace and the economic area of the government, the phase of relaxation of price controls has been going well, with readjustments at higher percentages on the prices which were out of phase on 12 June, smaller readjustments granted to sectors which were accumulating "fat" on the day of the freeze and the decontrol of prices for nonessential products.

The government admits that it is difficult, but it assures that it will try to bring the public deficit this year down to 3.5 percent of the GDP (390 billion cruzados) and it maintains that the foreign negotiations are not at an impasse; Brazil has presented a concrete proposal and is awaiting a response from its creditors.

Its critics believe, however, that the real rate of inflation is 8 percent, not 3 percent. They guarantee that the deficit will not go below 7 percent of the GDP and feel that the attempt to reach agreement with the foreign creditors will be frustrated.

No Wage Loss Yet

The expectations regarding wages in the next few months of the Bresser Plan are extremely guarded, depending solely on the variation in the inflation rate. If inflationary pressures intensify, the wage squeeze will tighten; otherwise, with a monthly inflation rate below the URP (Price Reference Unit, based on the average inflation for the last few months), there will be an increase in real wages. The latter possibility is remote and may become even more unrealistic with the first repercussions of the relaxation of price controls. Or, as Finance Minister

Bresser said: "If inflation goes up, any student of economics knows that real wages will decline."

The fact is that, up to now, it is not precisely known how far real wages have declined in the last 2 months. Whereas Finance Ministry technicians insist there was a 10-percent gain, the Labor Ministry is keeping silent, closely guarding the calculations that demonstrate a tighter wage squeeze. Minister Almir Pazzianotto prefers to admonish the technicians who contradict the Finance Ministry and not to disagree with the government.

In the beginning of the Bresser Plan, the DIEESE (Interunion Department of Statistics and Socioeconomic Studies) calculated the wage loss resulting from the new cruzado at 37.7 percent. Yesterday, that percentage rose to 44.64 percent, including the July inflation rate, and it should reach 50 percent during the phase of relaxation of price controls.

If the URP is maintained at 3.7 percent (calculated as the average of July inflation--3.05 percent--and the inflation forecast for August--4.5 percent), the trend toward the reduction in the real value of wages will continue.

Price Control Relaxation

Having been in effect for 2 months, the Bresser Plan is now in the phase of the relaxation of price controls. Last week, Finance Minister Luiz Carlos Bresser Pereira authorized a 10-percent increase in the price of aluminum. Yesterday, all household appliances were readjusted by 8 to 9.5 percent. Next Sunday, urban bus fares will go up by 1.00 to 1.50 cruzados, at most. From now until the end of the year, the government will cautiously manage the evolution of prices, so as to return to a free market regime at the beginning of next year.

The Bresser Plan has entered into its most sensitive and decisive phase. If the price increases are too carefully controlled, the government runs the risk of generating a crisis of shortages, with the reappearance of the agio. If the readjustments are too liberal, it could keep inflation higher than the planned 5 percent per month.

The relaxation of price controls will be intensified, starting this month, when the government will set the first value of the URP, based on the July and August inflation rates. In September and in the months afterward, the URP index will set the ceiling for the price and wage adjustments. The first URP index should be somewhere between 3.5 and 3.7 percent.

Minister Bresser and his advisors in matters of price controls have made it clear that some sectors could have price increases above the URP variation. The companies will have to prove how their costs have risen, through records submitted to the CIP (Interministerial Price Council).

Readjustment, Deficit Major Issues

After 2 months, the Bresser Plan is faced with two crucial problems that will require the talent and competence of the economic team and political decisiveness

from the president of the republic; they are the fine tuning of the relaxation of price controls and control of the public deficit.

In the economic area, particularly in the National Treasury Secretariat of the Finance Ministry, no one still believes that it is possible, as proposed in the Bresser Plan, to achieve a deficit of only 3.5 percent of the GDP this year, starting with Treasury Secretary Andrea Calabi. His argument is one of arithmetic; seasonally, more expenditures are made in the second half of the year and, since the deficit already reached 2 percent of the GDP in the first half of the year, it is unlikely that the deficit can be held to 1.5 percent of the GDP in the last 6 months of the year.

The figures seem to indicate that Calabi is right; it is not officially admitted, but Treasury Secretariat personnel guarantee that the fiscal deficit last month was close to 30 billion cruzados, meaning a cumulative negative balance of 50 billion cruzados in just 2 months, moving the public deficit close to the general budget of the union.

When the Bresser Plan was mounted, the estimate, considered realistic, was for a public deficit of 6.2 percent of the GDP, or 692.5 billion cruzados for an estimated GDP of 11,119.6 billion cruzados.

Savings for Investment

The Bresser Plan considers the increase in the rate of investment in relation to the GDP as a primary factor in the strategy for sustained economic growth at an average annual rate of 7 percent, starting in 1989, but it emphasizes that this additional savings will be generated principally by the public sector, through a reduction in the current expenditures of the government and the increase in the net tax burden.

According to the Plan, the net tax burden--which is the difference between what the government collects in taxes and what it pays out in transfers and subsidies to the private sector--should increase from 10 percent of the GDP this year to 12 percent next year, 13 percent in 1989 and 14 percent in 1990, maintaining this level from that point on. In this same period (from 1987 to 1991), current expenditures by the government should increase only 3 percent per year.

However, the Bresser Plan also promises to stimulate private investments, predicting a rising curve for them to achieve an investment rate higher than 24 percent of the GDP in 1991, without which it would be difficult to sustain an annual GDP growth rate of 7 percent.

Critics of the Bresser Plan assure that only by reducing the public debt and thus freeing up private savings, now absorbed to finance this deficit, will it be possible to bring private investment up to levels consistent with the proposal for sustained economic growth. The government, guarantees former Planning Minister Delfim Netto, has not made "any cuts whatsoever, formulating a budget based on the April prices and thus completely out of phase."

Foreign Debt

The issue of Brazil's foreign debt has not stagnated during the first 2 months of the Bresser Plan, according to Planalto Palace. Advisors of President Jose Sarney believe that the moratorium decree enabled the country to prevent its reserves from being completely exhausted, so as to reach the current phase of negotiations with greater bargaining power to negotiate the debt with its creditors.

The thinking of Planalto Palace is that the Bresser Plan evoked a highly positive reaction in the international financial market, related to Brazil's capacity to overcome the economic crisis. Both the country's private creditors abroad and the directors of official institutions and the government authorities in the developed countries have been unanimous in reassessing Brasil's situation following the Bresser Plan and the Plan for Macroeconomic Control.

According to Planalto Palace, this belief in the future of the country was strengthened following the first results shown by the Bresser Plan, particularly with regard to inflation, which was only 3.05 percent in July, according to IBGE [Brazilian Institute of Geography and Statistics] estimates.

It is said in Planalto Palace that the Bresser Plan has opened the way for the country's foreign debt renegotiation, which is now only a matter of time.

Three Obstacles To Overcome

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 12 Aug 87 p 3

[Commentary]

[Text] The PMDB [Brazilian Democratic Movement Party] is opposed to orthodox economic policy and, for this reason, Sr Luiz Carlos Bresser Pereira, its own minister of finance, is hard put to observe some economic laws which his predecessor persistently ignored. The situation is becoming more difficult by the day and the Bresser Plan may founder, unless three very serious obstacles are overcome. The problem is that it is only by the path of economic orthodoxy that the minister can surmount the obstacles.

In our opinion, the success of the Bresser Plan lies in the solution to three problems: the resumption of the negotiations with the foreign creditor banks; control of domestic liquidity; and the reduction of the public deficit. Well, to solve these problems, which he has sized up very well, the finance minister needs political support which he does not seem to have and, unless these problems are solved, the Bresser Plan is doomed to failure--and the consequences would be truly dire.

The Plan for Macroeconomic Control, conceived by Minister Bresser Pereira, seeks primarily to reconcile the process of readjustment of the national economy with sustained growth, which everyone considers equally necessary. The plan is logical on paper, but difficult to execute, because some of its principal variables cannot be controlled.

Calm in the exchange area is undoubtedly one of the basic conditions of the success of the of the Bresser Plan. The country needs financing for exports and imports, as well as new loans from the official financial agencies. Well, we are in imminent danger of serious problems with the creditor banks, unless the negotiations are resumed immediately. The countries which constitute the Club of Paris will not sign any agreement with us until we have signed a "standby credit" with the IMF. Our government is playing hard ball with the creditor banks, demanding concessions which they are reluctant to grant. Incidentally, the banks are also playing tough, and their threat to curb short-range financing could be carried out within months. If that happens, our trade balance surplus will be threatened; along with our foreign exchange receipts, our industrial production would also be reduced considerably--production which is becoming more dependent by the day on the performance of exports.

Moreover, without financed imports, Brazil will not have the means to make the essential investments that will ensure growth in the coming years. It is possible that the banks will not demand an agreement with the IMF, but they will certainly demand from Brazil at least a demonstration of good will. Regarding the understanding with the IMF, the Club of Paris will not compromise.

To keep the Cruzado Plan afloat, the Bresser Plan calls for control over demand, which in turn requires a tightening of liquidity and resistance to wage readjustments. The concession of a bonus to wage earners has opened a breach in this policy, although this is less serious than the current excessive liquidity, which will probably lead to increased demand, because it is so great that it will not be easy to contain prices.

To reduce this excess liquidity, the government will have to adopt orthodox economic measures, which will drive interest rates up, a phenomenon which the PMDB heretics seem to consider a crime. Will the finance minister have enough power to impose such measures? We know that he intends to adopt them, but it will be several weeks before we can verify that orthodox doctrine is really being pursued, the application of which will become even more problematical if, as a result of the price hikes, retail sales begin to decline.

The consistency and effectiveness of the Bresser Plan will depend on success in curbing the public deficit. Well, at the moment, the finance minister is not garnering support for the realization of his goals. In this regard, it should be noted that the current excess liquidity is the result of the government's inability to curb its own spending.

No one in the government today thinks it is possible to keep the public deficit down to 3.5 percent of the GDP. Well, the simulation model adopted in drafting the Bresser Plan basically depends on the size of the public deficit which, in the present phase, could hardly be offset by an increase in foreign loans or a higher growth rate.

Minister Bresser Pereira must convince his own party that Brazil cannot stray from the path of orthodoxy if it is to have some chance of achieving an acceptable economic result, even if it is far from the one envisioned in his Plan for Macroeconomic Control, which left out the political variable.

ALVARO DIAS ON ECONOMIC PLAN

Sao Paulo AFINAL in Portuguese 30 Jun 87 pp 22-23

[Interview with Alvaro Dias, governor of Parana, by Gilberto Mansur, at Iguacu Palace on 5 June 1987]

[Text] "Mr President, one week can be fatal." Governor Alvaro Dias of Parana made this statement to President Jose Sarney on 4 June. He was apprehensively referring to the government's need to adopt an economic plan immediately. The governor was suggesting "shock therapy, with price controls and a price freeze, and with the participation of society."

Alvaro Dias reproduced the conversation the following day [5 June] at Iguacu Palace during an interview with Gilberto Mansur from AFINAL. This interview was interrupted by a luncheon and a press conference, which was hastily called to denounce new marajas.

Exactly one week later, the president announced the Bresser Plan. Out of what Alvaro Dias proposed, only one item, perhaps the main one, was left out--the participation of the entire population, which, according to his proposal, should be achieved this time from bottom to top and from the outside in, calling on regional leaders--city councilmen, mayors, and governors.

On 4 June, Alvaro Dias also showed President Sarney how pessimistic he was. And he heard from Sarney an optimistic but vague request: "Come back to see me in 90 days." Now the governor and all of Brazil know why--the Bresser Plan has 90 days in which to work.

Between the day on which this interview was held and the week it was published, two new and important events have occurred--the announcement of the Bresser Plan and the publication of a poll in FOLHA DE S. PAULO. In this poll, on a scale that runs from "terrible" to "excellent", only one governor from the south-central region earned an "excellent" rating: Alvaro Dias.

These two topics were then discussed with the governor of Parana by telephone.

[AFINAL] In your conversations with the president of the republic and the minister of the treasury, you were arguing, apparently without success, for freezing prices. Does the Bresser Plan fit into your demands?

[Alvaro Dias] I have been arguing for a new price freeze for a long time, but one preceded by price controls, as the only way to slow the inflationary spiral. In the same way, I have been arguing, along with the federal government, for a new way to readjust salaries, because, in a process of hyperinflation, the trigger was becoming a perverse mechanism for workers who do not earn very much.

[Question] With the new plan, are workers going to come out ahead?

[Answer] Not necessarily. I admit that, with the Bresser Plan, a partial salary loss among workers may occur. If the Bresser Plan is a success, we will have strengthened the purchasing power of workers' salaries, even though those salaries are frozen.

[Question] What do you consider to be the most important point in the Bresser Plan?

[Answer] The important point is that the major objective of the Bresser Plan is saving jobs, because otherwise we would undeniably see a process of mass lay-offs as a result of the economic crisis that was leading innumerable companies to administrative rationalization, and others to bankruptcy and forced agreements, with incalculable social repercussions.

[Question] In your shock therapy proposal, it seems that the states and the municipalities would be effective participants, also contributing to giving greater credibility to the plan.

[Answer] Exactly, because it would be the way to reestablish the government's alliance with the majority of the population, which was achieved with the Cruzado Plan but was buried with the Cruzado II, that is, with the implosion of the plan. That is why I proposed that the president try to reach an understanding that would begin with the bases of the population, with the periphery, because the whole frustrated national understanding was sought in Sao Paulo, in the ABC [industrial sections of Santo Andre, Sao Bernardo do Campo and Sao Caetano do Sul], as if Brazil were just the ABC and not the whole alphabet.

Question Is it possible to reach that consensus at the state level also?

Answer In our proposal, that consensus, sought from the outside in, would be more consistent, because the outspoken leaders of society, who up until now have been kept on the sidelines of that consensus, would be called on. That is exactly the experiment that we are trying to do in Parana--to reach a consensus at the state level. Both workers and businessmen have already worked out their respective documents, and we will now have a joint meeting trying to mesh them into a single document-proposal.

Question Do you consider it possible now to reach a national consensus?

Answer We are here trying to do our part as suggestion, as experience, but really, this experiment in just one state does not lead us anywhere. I am not naive, and I know that a national consensus is very difficult now. We would not arrive at it easily due to the political turbulence, that latent popular obstreperousness. But, to go back to your original question, yes, it is possible to arrive at a consensus. We could at least reach a partial consensus, which would already be important in avoiding the crisis.

Question Did you make any specific demands in your last meeting with the president?

Answer Among other things, I asked for a moratorium for agriculture, for small and medium-sized rural producers, which would make it possible to work out an agricultural recovery plan. Agriculture was already being decapitalized as a result of the absence of an agricultural policy, and it became even more decapitalized under the Cruzado Plan. There was a price freeze on agricultural products, but there was no freeze on supplies and equipment. Agriculture is now perhaps the sector of the economy most severely affected by the economic crisis. And I have offered the data from Parana for the government to analyze.

Question Since Parana is considered the country's "bread-basket," those data should be even more irrefutable, should they not?

Answer The government has succeeded in settling 2,250 landless workers here in the last few years, but we have witnessed the displacement of 40,000. That means that 40,000 small rural landholdings have disappeared. This means the decapitalization of agriculture, the unviableness of agriculture. And if the government does not take recovery measures

urgently, our social problems are going to increase. Now then, an emergency plan will mean an investment on the government's part--it will be an attempt to anticipate events of a social nature that may occur and that, for me, are alarming and could have unforeseeable consequences.

[Question] And do you think that there is a sensitivity in Brasilia to these problems?

[Answer] The president is sensitive. I sense his concern. But some sectors of the government do not show the same sensitivity, because they are acting very slowly. We can no longer put up with the sluggishness of the bureaucracy, the slowness, the uncertainty of decision-making. They delay decisions, and when measures are announced, there is a great distance between announcing the measures and implementing them. And the results of these measures are either partly compromised or totally canceled out. And, on the other hand, if there is this distance between adoption of a measure and its execution, there is an exaggerated delay before the decision, before the adoption of the measure.

[Question] Besides the bureaucracy, what contributes most to that?

[Answer] Indecisiveness.

[Question] But do you not think that this general indecisiveness is a reflection of President Sarney's indecisiveness?

[Answer] Well, I do not regard the president as an indecisive man, because he has adopted some courageous measures. The Cruzado Plan was a very courageous measure on the president's part, because it broke up an old, consolidated structure. The resistance to the IMF was another courageous measure, and the moratorium, especially, although adopted late, was a measure that required a lot of courage. It showed that the president, when he is well advised, adopts courageous measures. Therefore, it shows that he is decisive.

[Question] How have you found the state finances?

[Answer] Weak. Starting in February, the state began operating in the red, and the deficit is now forecast to run 2.87 billion cruzados, in spite of the fact that we have saved 2.3 billion so far, since we assumed office. In other words, if we had not made the effort--saving money through lay-offs, elimination of boards of directors and coordinating boards--we would now have a deficit of over 5 billion.

[Question] Have tax collections been keeping up with inflation?

[Answer] No, and that is our dilemma. In numbers, I can say that from January to May, we have had a growth in tax collections of 42.6 percent, and we have had a readjustment of teachers' salaries of 178 percent, and 135 percent for the other sectors of state employees. In that period, the cumulative inflation rate was 90.4 percent. There was, therefore, a real gain in salaries on the part of state employees. And look at the fact that, during that same period, from January to May, the payroll grew 122 percent. That means that the administrative rationalization program is really working.

[Question] On the other hand, it seems that you are losing the fight with the marajas...

[Answer] We are not going to lose that fight. Conceding the first round does not pre-ordain the final decision of the sentence. It is even a defensive opportunity. But I have confidence in Parana's judicial system, and I hope that, when the time comes to discuss merit, the verdict will be favorable to the state, especially considering this great national longing for morality in the national administration. The people are demanding the practice of morality, even as a way of regaining the credibility lost by the politicians.

[Question] But what if the judicial system rules against the state?

[Answer] In that case, which I hope will not occur, we will pursue it all the way to the Supreme Court. It is a question of honor, and I think that the greatest achievement that a government can accomplish is the achievement of morality. It is more important than building bridges or paving highways, and it is the achievement that is demanded by Brazilian society. So, then, we will pursue it to the end, because we want morality to be our government's greatest legacy.

[Question] Can the financial and, let us say, moral problems be considered an inheritance from the previous government, which was also PMDB [Brazilian Democratic Movement Party]?

[Answer] The question of structural defects is a national issue. The question of the marajas, of abuse of retirement--all of that is the result of a structural defect which, up until now, has not been properly addressed.

[Question] And what is the proper way to address these defects?

[Answer] In our case, we are trying, first of all, to establish

our own authority by setting an example. One of our first steps was to send a bill to the Assembly to adjust our own salaries.

Question Downward?

Answer (Laughing.) Yes, downward, of course, because, according to the State Constituent Assembly, I could receive a salary equivalent to that of the chief justice of the Tribunal of Justice, including fringe benefits. We have set the salary at the same level, but without the fringe benefits, and we are now being paid like that, even before approval of the bill. And, what is more important, we have abolished our own retirement plan, the retirement plan for ex-governors, which is life-long, but we have abolished it.

Question What about inherited financial problems?

Answer The financial situation is a whole range of factors, both internal and external, and it is mainly the result of the country's economic situation. It is true that we have problems with public works projects in Parana, public works that were established at the end of last year and that exceed the limits of our financial possibilities, because, for the first time in the history of Parana, we have a program in which 85 percent of the funding for carrying it out comes out of the state treasury, with just 15 percent coming out of financing, and that is absolutely unacceptable. For that reason, we have established a new timetable for carrying out these public works. We have not stopped any of them, but the new timetable now proposes a slower completion of them and the fight to get funding for them.

Question Would getting federal funding for your state be a good justification, to the voters, for you to change position and support a 5-year term for Sarney?

Answer We really have not changed our mind. We have adopted a more flexible position in comparison with the former inflexibility concerning the length of the president's mandate.

Question But, in Parana's PMDB, there was even a referendum which showed a decided preference for 4 years...

Answer And our position was decisive in relation to the result of that referendum, because, since June of last year, we have publicly adopted a position favorable to a 4-year term, with the possibility of re-election. Now, especially as a result of the pragmatism to which the position of executive leads us, and the direct contact with the dilemma that all

segments of the population are experiencing. We have adopted the position of putting the economic and social issue in the foreground. Moreover, the politicians try the public's patience because they spend so much time discussing eminently political issues--talk about the government, the length of the president's term of office, elections, and political parties. And the people, who are feeling the economic and social difficulties, become indignant, sometimes even to the point of feeling that those issues which speak most directly to their interests are being given secondary importance, at least in relation to the information that gets to the people through the press. So, the position that we have adopted was to put the social and economic issue in the foreground, as an absolute priority. And we are linking the length of the president's term of office to an economic plan that will make it possible for the government to regain credibility.

Question The credibility of the governor of Parana, according to a public opinion poll in FOLHA DE S. PAULO, is now "excellent." What do you think of that?

Answer It is not really a surprise. The numbers presented by FOLHA confirm a previous poll. But I have to admit that these findings increase the responsibility of those of us in government. The poll has accurately diagnosed the present moment. As I have been insisting, even before I took office, Parana is not an island of tranquillity in the middle of a Brazil in crisis. The state government has had to adopt an austere, moralizing policy. And FOLHA's poll shows that the people of Parana understand and accept our philosophy of government.

9895

CSO: 8142/4483

VIEWS OF CONSTITUENT ASSEMBLY MAJORITY ON ECONOMIC PROPOSALS

Rio de Janeiro O GLOBO in Portuguese 13 Aug 87 p 3

[Text] Brasilia--The government should promote a drastic cut in public expenditures, reducing the federal payroll, economizing on materials and restricting its business activities, concentrating resources on public services, such as education, health, food, sanitation, justice and security. This is the opinion of most of the members of the Constituent Assembly, according to a survey commissioned by the Secretariat of Planning [SEPLAN].

With regard to public investment, most of the congressmen think the country needs to invest more in projects which yield high social returns and mature quickly--in keeping with the current situation of limited domestic and foreign resources--than in projects with broad impact on a grand scale.

The survey, which was conducted last week, consisted of a 177-question interview with 200 Assembly members from all parties, in proportion to the size of the party benches.

Social Pact Endorsed

Brasilia--The government's proposed social pact has not shown much progress among management and labor, nor has it prospered in partisan debates, but, according to the SEPLAN survey, it has the support of most of the congressmen.

The legislators feel that the pact is the best means of "correcting distortions and resolving conflicts among the country's social classes." The second solution preferred by the congressmen is the "institutionalization of new forms of employee participation in the companies."

Based on the survey results, the SEPLAN revised its Governmental Action Program, which should be submitted to President Sarney in the next few days. Among the priorities, it includes a housing program for the neediest population, as desired by most of the Constituent Assembly members.

According to the survey, the regions which merit the most federal spending are the Northeast and the Midwest, in that order. The agriculture sector should receive more government attention. In the social area, the largest allocations should go to education, followed by health. By a large majority, the congressmen are also in favor of a decentralization of responsibilities, particularly in the area of education.

Two-thirds Favor IMF

Brasilia--According to the SEPLAN survey, two-thirds of the Constituent Assembly members favor "normal contacts with the international financial system and with multilateral financial institutions, such as the World Bank and the IMF." Most of the members disagree with the statements that the IMF accords are "harmful to the country," that the reserved market should be extended to high technology sectors or that the domestic market should be privileged.

Although the Constituent Assembly Committee on Systematization had approved the draft proposal of Deputy Paulo Ramos (PMDB-RJ [Brazilian Democratic Movement Party-Rio de Janeiro]), prohibiting the conversion of the foreign debt into risk capital, most of the congressmen support this initiative as one of the formulas arrived at by the government to handle the foreign debt problem.

In the item "foreign sector" in the survey, the responses were moderate. A large majority feel that foreign capital "is important and contributes to the process of economic growth, but should be limited to certain sectors and subject to government control." The congressmen rejected alternative statements that referred to foreign capital as important and that eliminated restrictions on its activity, or statements that considered foreign capital as pernicious and that it should be restricted to the fewest activities possible.

Most of the Constituent members also felt that foreign investment should be permitted in a group of previously determined sectors and that loans could be taken out by the states and municipios as well as state and private companies. The debt conversion should particularly touch the industrial sector and high technology.

According to the survey, the remittance of profits abroad should be fixed on the basis of the average rate of interest paid on the Brazilian foreign debt. The present system--remittance of up to 12 percent of the profit--was rejected; less than 10 percent of the respondents support it.

Regarding the survey question on the definition of a "genuinely national" company, four out of five respondents opted for the alternative which permitted a more flexible position, as long as the majority is Brazilian -controlled. They rejected "a rigid position, preventing any participation by foreign capital in association with Brazilian capital." Most of the congressmen feel that public companies should be profitable and that government support to Brazilian private enterprise should be limited to previously selected sectors.

6362

CSO: 3342/164

BRAZIL

BRIEFS

NEW SOCIALIST PARTY--Labor Minister Almir Pazzianotto; Fernando Henrique Cardoso, PMDB [Brazilian Democratic Movement Party] leader in the Senate; Senator Afonso Camargo, former transport minister; Deputy Fernando Lyra, former minister of justice; Roberto Saturnino, mayor of Rio de Janeiro; and Deputy Pimenta da Veiga, former PMDB leader in the Chamber should be the principal leaders of a new socialist party, to be launched in late September. From the PDT [Democratic Workers' Party], in addition to Saturnino, Ceara Deputy Moema Sao Thiago and Rio de Janeiro Deputy Noel de Carvalho should affiliate with the new party. Day before yesteraay, in Brasilia, Saturnino met with congressmen from the PMDB, the PFL [Liberal Front Party], the PT [Workers Party], the PSB [Brazilian Socialist Party] and the PDT, to arrive at a deeper understanding regarding the new party. Yesterday, Saturnino lunched with journalists in the apartment of Moema Sao Thiago (a PDT dissident), along with [Deputy] Domingos Leonelli (PMDB-Bahia), one of the leaders of the MUP [United Progressive Movement]. The previous evening, Deputy San Thiago had met for dinner with PMDB, PFL and PDT congressmen to discuss the matter. Roberto Saturnino reported that, in the discussions of the new party, there are three options: a mass movement to the PSB; the creation of a new socialist party, modern and up-to-date; and the creation of a new party based on the MUP, a faction of the PMDB. "We just cannot think in terms of the Socialist Party of Brazil, because that would give us the PS do B," he joked. Moema Sao Thiago and Saturnino said the intent is to launch the party in September, bearing in mind the legal requirements for entering the municipal elections on 15 November 1988. The coordinators of the new socialist party intend to act in labor circles, primarily in Rio de Janeiro and Sao Paulo. In Sao Paulo, one of the targets will be Joaquim dos Santos Andrade, "Joaquinzao." of the CGT [General Workers' General], alternate for Senator Fernando Henrique and, according to Saturnino, "very constricted in the PMDB." [Text] [Sao Paulo O ESTADO DE SAO PAULO in Portuguese 12 Aug 87 p 2] 6362

CSO: 3342/164

MURDERS BY PRIVATE DEATH SQUADS REPORTEDLY ON RISE

Bogota SEMANA in Spanish 16 Jun 87 pp 26-33

[Article: "Private Justice"]

[Text] Last week, the locale was the Guayabal district, in Medellin. At 0150 hours in the morning, seven gunmen left two cars in front of Marta "La Gorda's" shop in El Bolo alley. They were youths (according to the witnesses) dressed in "the latest sportswear." All of them were wearing hoods, except the one who was giving the orders: a tall man with a black mustache, very short hair, and a military beret. They claimed that they had come for an inspection, and put the night owls who were playing darts and drinking liquor in a row against the wall. Some were pleading; they paid no attention to them. They riddled them with lead: 10 killed and four wounded.

The next day, pamphlets signed by the "Total Cleanup" group (other sources call it "Love for Medellin") were distributed in the city, in which new murders were announced, and the list of 19 previously selected victims was given. Most of them were petty gangsters and habitual criminals with police records for basuco trafficking and consumption, and illegal carrying of weapons. The operation would continue (claimed the pamphlets) "against those who violate good manners." Three days later, signs appeared in Bolivar Park, announcing death for thieves and homosexuals, as well as for the unemployed who usually gather there. The signature was again "Love for Medellin." Nevertheless, the city's authorities question whether a "death squad" is involved. According to the DOC (Department of Civic Order), the Guayabal incident was a mere "settling of accounts" among rings of gangsters. "A cleanup but not institutional," as a high-ranking official told SEMANA.

Saturday Cleanups

When a similar massacre occurred in Chicago during the 1930's, it was forever called "the Valentine's Day" massacre, and divided the criminal, police, and film history of the United States in two. In Colombia, it is routine. It evokes press commentary for only 2 or 3 days because, while the stage this week was Medellin, on other occasions it has been Cali, or Bogota, or Bucaramanga, or Armenia, or even Chiquinquirá, a town which, until recently, reported only an occasional death among the drunken, vowing pilgrims visiting the Virgin's shrine. Now, Chiquinquirá is one of the growing number of Colombian cities in

which, every day, corpses show up thrown into pastures, vacant lots, and ditches along the highway.

And the phenomenon has done nothing but spread. Increasingly often, the massacres are collective and public, such as the one this week in Medellin, or the notorious "Saturday cleanups," which began in Cali in mid-1985. The victims are delinquents and habitual, petty basuco-dealers, prostitutes, transvestites, beggars, the unemployed, the aged, women, and children. In Medellin itself, during the pool hall massacre in the Bello Horizonte district in December 1985, first four adolescents were murdered, and, the next day, at their wake, another child was killed (because the custom of finishing some unfinished business at funerals has also become widespread). (See table) And this does not include cases, such as the one in Barrancabermejo, 2 months ago; because these are not political assassinations, but rather "social cleanups." Among the victims of the current violence in Colombia, those killed for strictly political reasons (soldiers or guerrillas killed in combat, and political leaders who are assassinated) do not account for over 10 percent.

Nevertheless, the accounts of "private justice" are only kept in an approximate manner. It is known that, in Armenia, during the first week of April, the "Implacable Justice" group took credit for 15 deaths, all involving criminal records. The corpses with throats cut appear with a sign around the neck: "I killed him for being a thief." And the "Justice" group claimed that the same fate awaited "all those who assault private property." In Aguachica, Cesar, during the blood-bath triggered by "Terminator" a year ago, 50 bodies were recovered. "But we assume that the missing number at least twice that, thrown into the river beds," commented the local police commander at that time. All of them, too, were common criminals. There were no arrests. In Cali, at the time of the 300 murders (mostly criminals, as well as prostitutes and beggars) during the first half of last year, they evoked the concern of the Prosecutor's Office, and the resultant public denunciation by the then prosecutor, Carlos Jimenez Gomez, against the Metropolitan Police second commander and several of his agents; and the massacres declined. But they shifted to Buga and Tulua, claimed by a group with a new name: "Black Flag." This year, however, they have broken out again: Since the first of the year, there have been 500 in Cali alone (a city that has now surpassed Medellin in that macabre count); to the point where the Departmental Security Council has just decided to appoint special judges to deal with, if not the investigations, at least the removal of the bodies. Counting the entire country, it is likely that the victims of this type of murder will exceed 150 per month.

Those responsible for these crimes (which, in the view of some, are merely manifestations of "private justice" to make up for the shortcomings of institutional justice) are a cluster of mysterious groups with colorful, changing names: "Kankil," "Cleanup Squad," "Black Hand," and "Punishment for Informers and Cheating Middlemen." (See table) The police seldom find suspects, and confine themselves (as in Cali at present) to requesting an increase in their ready forces; or they comment (as in Medellin), that these are "settlements of accounts."

Participation in the Matter

Nevertheless, the rumor circulating both in those cities and in Bucaramanga and Bogota is that all those "death squads" are comprised of "defective" members of the police themselves, as Jimenez Gomez called them. Concerning the largest of the Cali massacres, the one which left 18 dead in June 1985, it is claimed to have been the aftermath of a Metropolitan Police party. And suspicions of this kind have been confirmed by the decision made last week by the Office of the Delegated Prosecutor of the National Police to bring charges against three Cali agents accused of 10 murders committed between August 1985 and April 1986. As the delegated prosecutor, Omar Henry Velasco confirmed to SEMANA, this is the result of an investigation opened by Jimenez Gomez against the second commander, Colonel Ramos (later killed in Bogota by M-19). Velasco claims that the investigations are being continued. And, of course, the administrative penalties imposed by the prosecutor's office against the agents implicated (who had not been taken into custody as of the time this article was being written) do not preclude others, originating in the criminal justice system.

Not only have the prosecutor's office and the judges participated in the matter, albeit slowly and without very much effectiveness. In Cali, the Metropolitan Police themselves have started a self-purging campaign under the direction of their commander, Col Oscar Eduardo Pelaez. A total of 150 agents have already been dismissed. Again, this does not preclude more thorough investigations of some of them. But none of this has sufficed to put an end to the massacres. They are not only continuing, but they are provoking revenge. Colonel Ramos is not the only one who has been murdered as a result of his presumed participation in the Cali "cleanup": later one of the four agents accused with him was shot to death. And with regard to other members of the police who have been murdered, it is rumored that the reason is the same: In Cali, there are some who believe that "the Bogota police are sending people to Cali to clean up those who are cleaning up." In any event, the progress has been minimal in comparison with the magnitude of the problem.

To be sure, this is nothing new. Four years ago, the magazine SEMANA devoted a front page to the "Death Squad" operating in Medellin, reported by the then prosecutor, Jimenez Gomez. Ten years ago, the massacre occurred in the Contador district of Bogota, carried out by F-2 agents against presumed drug traffickers. And, during that same period, there was the famous trial held in Bogota against officers and agents of the same F-2 implicated in a "death squad," which was throwing the bodies of its victims, also habitual criminals, into Tequendama Falls. But recently (and particularly since the founding of MAS [Death to Kidnappers]) the phenomenon has had a precipitous development which is, moreover, unquestionably a reflection of the unbounded increase in the number of violent deaths occurring in Colombia; apart from the specifically political violence, as has already been noted.

In 1976, at the same time that the F-2 Death Squad was being tried, a congress on criminality held in Bogota published statistics that appeared to be unsurpassable: Colombia was the country where the most murders per capita in the world were committed, except for those nations which were at war at the time. Today, those figures, which were terrifying, have increased over fivefold.

According to a study on "Violence (Murders) in Medellin and Colombia," published by the University of Antioquia, the municipality of Medellin, and the Ministry of Justice, in 1976, 3.5 percent of the Colombian deaths had murder as a cause. Four years later, in 1980, the proportion had risen to twice that number: 7.9 percent. And, in another 5 years (by 1985), it had doubled again, in an apparently unstoppable geometric progression: 16.6 percent. The data are even more horrifying if we exclude age categories with a high mortality for natural reasons (children and the aged). In 1976, 16 percent of the deaths between ages 15 and 44 years were caused by murder. In 1985, the percentage had risen to an incredible 51 percent. More than one out of every two deaths in Colombia occurs from shooting or knifing. The country has a death rate of 34.8 percent for every 100,000 inhabitants by reason of murder; which, in cities such as Medellin and Cali, exceeds 100 per 100,000. In Germany, for example, it is only 1.2 per 100,000.

This situation can be explained with one fundamental reason, apart from the comments that could be made concerning the violent nature of Colombians, which are hollow words, or concerning the conditions of poverty and social injustice, which the comparison with other countries does not prove. That reason is the absolute impunity: 95 percent of the crimes involving bloodshed committed in Colombia are not punished; an institutional impunity which, in turn, generates among the citizenry a monstrous leniency toward the "cleanup associations." This is illustrated by a radio poll taken last year by the Todelar network in seven cities (Bogota, Bucaramanga, Pereira, Monteria, Medellin, Manizales, and Cali). No less than 73 percent of those queried declared that the "prophylactic" murder of common criminals seemed to them to be "good work."

The authorities obviously condemn all types of private justice vehemently. On the occasion of the Guayabal massacre, the mayor of Medellin, William Jaramillo, told SEMANA: "We shall be relentless with those who take justice into their own hands." But actually, as reflected in the poor quality of the investigations and the total, constant abandonment in which all the governments in recent years have left the administration of justice, there is no indication that the problem is considered a priority. On the contrary, the high-ranking officials occasionally give the excuse of "self-defense," whether it be against subversion or against common criminals. Under the Turbay government, the defense minister, General Camacho Leyva, explicitly recommended that the citizens who could do so should arm themselves for self-defense. Organizations such as the "Kankil," in Cali, which is said (obviously without evidence) to have been comprised of the city's "good children," with military advice, are the almost direct result of such recommendations, and of the widespread leniency. That is why, 3 years ago, the then Medellin Metropolitan Police commander, Colonel Casadiego Torrado, when commenting on the public shooting of eight persons, including a 6-year old child, could express regret that "undesirable elements, I don't know why, have easily begun appearing among the decent people in the city."

The Massacres

Date	City	Dead	Wounded
11 December 1983	Medellin	3	5
18 December 1983	Medellin	4	-
11 December 1985	Medellin	5	4
17 December 1985	Medellin	4	4
6 April 1986	Aguachica, Cesar	5	-
7 June 1986	Cali	19	8
15 June 1986	Cali	5	-
1 September 1986	Medellin	4	2
5 September 1986	Cali	21	4
7 September 1986	Cali	19	-
14 September 1986	Cali	10	-
7 June 1987	Medellin	10	5

The Groups

Cali

Kandil

Cali Cleanup Squad

Cali Discontented Youth

The Avengers

Green Commandos

Implacable Justice

(Cali, Armenia)

Black Flag (Cali Buga, Tulua)

Medellin

Total Cleanup

Love for Medellin

Black Hand

Death to Drunk Drivers

Magdalena Medio

Spotted Ones

Crickets

Death to Rustlers (MAOS)

Little Ones

Death to Invaders, Collaborators, and Backers (Maicopa)

Punishment to Informers and Cheating Middlemen (Cafies)

The Embryo

Alpha 83

For Cleaning Up Valle del Magdalena

Machete Squad

Bucaramanga

Terminator (Aguachica, Bucaramanga)

Rambo

Colombian Anticommunist Movement

Bogota

The Justice Group

Phantom Plan

Popayan

Falange

2909

CSO: 3348/417

DEATHS OF M-19 NEGOTIATOR, COMPANION RAISE QUESTIONS

Bogota SEMANA in Spanish 11 Aug 87 pp 22-25

[Text] The two bodies had twelve 45-calibre pistol wounds. [The bodies] had appeared two weeks ago on the Llanos de Navas road in the town of Curiti (Santander) and were buried as "John Doe," because they carried no identification and no one claimed the bodies in the morgue. A photo published by the daily EL TIEMPO on 5 August, which gave an account of the disappearance of the M-19 negotiator in the kidnapping of Camila Michelsen, gave the first clues which later confirmed what had been rumored for several weeks in leftist circles: namely, the Gerardo Quevedo Cobo, known as Pedro Pacheco, M-19 leader, third in the movement's hierarchy and ransom negotiator, had been assassinated. His disappearance was shrouded in mystery.

Who Were They?

Gerardo Quevedo C., 38 years old, industrial engineer from the Universidad de America, had been manager of the magazine ALTERNATIVA between 1977 and 1979. A year later, he left Colombia and everything indicates that he went underground since his family never found out where he was living for the past 7 years. He simply told them that he traveled a lot and he telephoned them from time to time. Since the few reunions they held with him were in hotels in Panama, they assumed that he lived in that city. However, SEMANA has found out that he spent long periods of time in Venezuela and that he had two responsibilities with M-19: to administer finances and to serve as a liaison with other international subversive organizations.

His companion was Maria del Pilar Zuluaga, an attractive 28-year-old woman who was the daughter of the Colombian consul in Ciudad Bolivar (Venezuela). She had been the announcer for [the television program] "Noticiero de Cinevision" in 1985, but her life became more involved when her brother, Oscar Zuluaga, M-19 militant, died in an attack on Batallon Cisneros in Armenia. Alleging harassment from the military because of her connection with the dead guerrilla, she went to Venezuela, where she lived for a year. During this same time, Quevedo spent a lot of time in that country. Recently, Maria del Pilar spent more time in Bogota and was seen in the company of Quevedo, who appeared to be very much in love with her and affectionately called her "la negra."

Negotiations

Although officially the Michelsens' interlocutor in the negotiations was the controversial leftist Costa Rican politician Juan Jose Echeverria, the person who managed the delicate process behind the scenes was Gerardo Quevedo. The ransom payment for Camila Michelsen took place on 16 May in Costa Rica and it was agreed that the girl would be freed within a month. Several days later, Quevedo arrived in Colombia from Costa Rica. On 26 May, accompanied by Maria del Pilar, he took a plane to Cali, where they stayed 2 days. There according to rumor, a meeting took place with his M-19 companions. On 28 May, they returned to Bogota on an Avianca plane under other names. From the Palmaseca airport, Maria del Pilar called her grandmother, who lives in Cali, to tell her that she had unfortunately been unable to see her, but that she was calling to say good-bye. She also called her father in Girardot; her father, upon learning that it would be 3 hours before she would catch the plane, offered to drive to Bogota to pick her up at the airport. She refused, saying that they had rented a car and that it was in the parking lot at the Eldorado air shuttle.

The Car

This reference to a rented car has turned into the key to this mysterious disappearance. On 14 July, that is, a month and a half afterwards, Alvaro Zuluaga Nieto, Maria del Pilar's father, worried by not having heard a word from his daughter during this time, formally filed a missing person's report at the public prosecutor's office. What happened that same day to Zuluaga is an extraordinary coincidence in this case. While returning to his home in Girardot, and since the bridge over the Sumapaz River was being repaired, he went into the town of Melgar. He took a table at the Kokorico restaurant, which was on the main square diagonally across from the police station and, according to his own words in his statement to the prosecutor's office: "Imagine my surprise when I noticed on the corner and on the same street a Fiat 147 car, black with red and orange stripes, license plate GL3999 and with a large decal on the side window." Since Zuluaga had been in that same car with his daughter before her trip to Cali, and [since] she referred to a rented car in the last telephone conversation they had, he continued to watch as the vehicle entered the police station garage in Melgar and four policemen got out. Upon finding it in the garage, Zuluaga returned there the following day with a camera, took a few photos, and took them to the prosecutor's office in order to add them to the report that he had already filed. The prosecutor's office followed the trail of the car and determined at the Eldorado parking lot that a car with that license plate had left on 28 May at 8:08 p.m., the date on which the Quevedo-Zuluaga pair returned from Cali. The office also established that the vehicle had been discovered by the police abandoned in early June in Melgar near the local transit office and that it had been towed to the station. They later completed the case requirements through a recovery affidavit for an abandoned car.

The family of Maria del Pilar, alarmed by the mysterious appearance of the car, got in touch with the Armed Forces prosecutor, Omar Henry Velasco, with Luis Carlos Galan, and with Alfredo Vazquez Carrizosa, in order to request

their intervention in the case with the goal of determining the whereabouts of their daughter. Velasco, in the family's presence, got in touch with several prisons, including that at the Tolemaida military base, in order to determine if there were any civilians held there. The answer was negative everywhere. Luis Carlos Galan intervened because he was a personal friend of Maria del Pilar's mother, and even took the case to the president of the republic. Vazquez Carrizosa, as president of the Human Rights Committee, also did what he could, but, as before, all efforts were in vain.

For its part, M-19 also acted. Juan Jose Echeverria, the Costa Rican negotiator, informed the Michelsen family that his contact with M-19 had disappeared and that this was complicating Camila's return. They asked the family to try to obtain information from the Colombian authorities on the possible whereabouts of comandante Pacheco. Pablo Michelsen got in touch with the head of the DAS, General Miguel Maza Marquez, to ask his help in finding the negotiator in his sister's kidnapping. The general knew nothing about the case and recommended that he contact the president and the defense minister.

On 2 July, M-19 released a communique signed by Pedro Pacheco demanding compensation from Jaime Michelsen for savers in the Funds case. The demand was rather strange, since it had not been included in the agreement that had been reached in Costa Rica, and was impractical as well, since Michelsen had just paid \$500 million. On the other hand, the Superintendencia Bancaria and the Comision de Valores released statements certifying that the banker had come to terms with savers.

Since at the time of the M-19 bulletin, Quevedo had already disappeared for a month, the forging of his signature leads one to believe that the guerrilla group's demands were simply a strategy for gaining time to find him before surrendering Camila. The young woman was finally freed on 31 July, one week before the discovery of the bodies.

There are several unknowns in this episode. First, who assassinated Gerardo Quevedo Cobo and Maria del Pilar Zuluaga? Two versions have been circulating up until now. The one most frequently heard is that M-19 settled accounts with the couple as a result of their personal use of the ransom money. In spite of the fact that a communique signed by Carlos Pizarro, head of M-19, corroborating this theory was circulating last week, there are some doubts about it. If M-19 asked the Michelsen family to ask about the whereabouts of its negotiator and his companion from the government, it cannot be explained why they would have killed them. At any rate, no further light can be shed on this as long as Carlos Pizarro, who supposedly signed the communique, does not deny authorship of it.

The other version, which is inevitable, is that those responsible were security organizations. The families of the two M-19 members favor this [theory], and are suspicious of the fact that the car in which the couple travelled appeared at the Melgar police station (town in which the Tolemaida military base is located). This theory, however, does not explain why the capture did not serve to facilitate Camila's release. Moreover, if one takes into account the fact that **the assassination** of the two negotiators put the life of

Michelsen's daughter in jeopardy, it is difficult to attribute the crime to security organizations, who were those most interested in having Camila returned alive.

A key to this investigation will be provided by the exhumation of the bodies which will take place this week in Curitiba and which **will** reveal whether or not they were tortured, something which has not yet been mentioned in this case.

In spite of all this, there is always the possibility that, as frequently occurs in this sort of case, the whole truth will never be known.

/9274

CSO: 3348/419

COSTA RICA

BRIEFS

PVP WEEKLY CHANGES NAME--Effective 17 September, LIBERTAD REVOLUCIONARIA [published by the Popular Vanguard Party] will be named ADELANTE. ADELANTE was the name of a weekly published from 1952 to 1962. The new ADELANTE will continue the tradition of struggle which has characterized the revolutionary press. [Summary] [San Jose LIBERTAD REVOLUCIONARIA in Spanish 14-20 Aug 87 p 2 PA] /9738

CSO: 3248/396

FORESTRY BRIGADES TO ESTABLISH 'CITY' IN EASTERN USSR

Havana BOHEMIA in Spanish No 27, 3 Jul 87 pp 54-56

[Article by Raul Lazo]

[Text] The signing of the first protocol for joint cooperation between the Union of Cuban Enterprises for the Utilization and Integral Processing of Lumber (CUBALES) and its Soviet counterpart represents a step forward in the implementation of the agreements contained in the pact signed by the two entities early this year. The pact runs from 1987 to 1995.

The State Committee for Economic Cooperation (CECE) is the agency in charge of coordinating the Cuban entities involved in this major pact, in which a key role is also played by the Ministries of Construction and Agriculture (MICONS and MINAGRI), as well as the State Committee for Labor and Social Security (CETSS).

The opportunity for this interview with the minister-chairman of the CECE, Ernesto Melendez, came when he arrived in Cuba after participating in the signing of the aforementioned protocol in the region of Sukpai, in the Soviet Far East. While there, he also toured the facilities that the outpost of 200 Cuban construction workers is building. These facilities are the initial residential core that will someday be an entire city housing 10,000 Cubans, when the project is in full swing.

Forestry Complex

"This pact represents a new form of economic cooperation between Cuba and the Soviet Union," stated the head of the CECE, "with major social repercussions, given that it entails the construction of a city in the southeastern USSR. The residents of this city will work on exploiting some 173 million cubic meters of timber in a territory measuring 20,000 square kilometers, an area equivalent to the provinces of Ciego de Avila and Camaguey."

Later he pointed out that the USSR has traditionally been a source of lumber for our country through commercial exchange, and although these volumes will remain as projected, they will not be enough to keep pace with our economic development.

"This new agreement," he added, "therefore represents a decisive contribution that will help us respond adequately to our construction programs and to the needs of the furniture industry, among other sectors and branches. To a certain extent, activities have been limited in these areas by the insufficient availability of this vital resource.

Stages of Work

At present, the work is focusing on creating the necessary living and social conditions in the region of Sukpai, some 200 kilometers from Jabarovsk, so that the first forestry workers can move in by the end of this year. The first timber-cutting brigade will begin training immediately, and will be able to begin supplying this product by early 1988.

"All of this activity is based on a technical-economic study of the region that was assigned to our country for forestry development. As a result, an annual yield of more than 1.5 million cubic meters of timber is guaranteed when this project gets into full swing in the 1990s," added Melendez.

This year, construction activity is to exceed 10 million rubles in value. This volume may increase substantially in 1988, for by the end of that year more than 1,500 Cubans, including both construction and forestry workers, will be at work in the region.

The pact calls for the necessary materials, both for construction and forestry, to be provided by the USSR. These materials include not only food and clothing, but also equipment for forestry mechanization. The terms of compensation are set forth in the document, and are based on the timbering activity of the Cubans.

Training of Personnel

In the first stage, this program covers only cutting trees; but ultimately it will involve the integral use of the lumber in a forestry industrial complex in Sukpai. Accordingly, enterprises designed to meet this objective will be developed.

"The Cuban side is very interested in carrying out this industrialization program at an accelerated pace, because it will redound to the benefit of both countries," emphasized the minister-chairman of the CECE. He went on to discuss various aspects of worker training.

"Cuban personnel will be trained in Cuba as well as the Soviet Union. We are already about to receive some equipment on the island that is the same as the equipment the Cubans will use in Sukpai. It will be used for their training. This family of forestry equipment is characterized by a high degree of mechanization and power. We can draw on the vast experience of our Soviet brothers as a very important source of training in the USSR."

Referring to the different channels and sources of personnel to participate in this forestry activity in Soviet territory, he mentioned those provinces in our country that have the greatest potential and experience in the timber

sector, and agencies such as the MINAGRI and the CETSS, which will play a larger role in the selection and training of these men and women.

Commenting on the working conditions they will find, he noted that this is considered a relatively warm area compared to other parts of the territory, although the temperatures are quite cold in the winter.

"The exposure to the cold during working hours," he pointed out, "is carefully calculated. A rest period in specially conditioned areas within the forest itself is included in the daily schedule. Those who observe all the regulations should not have any problems. This is shown by the experience we have had in the autonomous region of Komi, where a group of Cubans worked in a Bulgarian enterprise. Both the Bulgarians and the Soviets were very satisfied with the work of the Cubans, who met all their commitments there. Cuban women were represented on that site, in the person of a forestry engineer who performed laudably. Similarly, we are certain that the female comrades who work in Sukpai on the forestry project, or in the vast network of social services to be provided in this "Cuban city" set in the heart of the Soviet Far East, will perform equally well. The progress that is being made in implementing this Cuban-Soviet pact is an inescapable commitment for us, a response worthy of the one who has been its principal guide and inspiration, our commander in chief."

8926

CSO: 3248/386

JUAN ESCALONA ON PENAL, JUDICIAL REFORM

Havana MONCADA in Spanish Jun 87 pp 9-11

[Interview with Dr Juan Escalona Reguera, minister of justice and member of the Party Central Committee, by Jesus Barreto; date, time, and place not given]

[Excerpts] [Question] The process of rectifying errors and negative tendencies essentially involves placing greater demands on the legal system, in the broadest sense of the term. How have the agencies in the administration of justice interpreted this principle?

[Answer] There is no denying that within the process of rectifying errors and combatting negative tendencies, the agencies responsible for imparting justice are redoubling their efforts and adopting measures to be more effective in their actions designed to contribute to a greater rigor in enforcing socialist law in all spheres of our society.

The administration of justice is complex, and depends on many factors. In the preparatory phase of criminal law, the participants are pretrial investigation officials, the prosecutor, technicians or experts, and defense attorneys. Then the court comes into play, with both professional and lay judges.

The courts have also been extremely receptive to the guidelines and recommendations issued as a result of the monitoring and inspections carried out by the Justice Ministry and the Supreme Court, and have gradually eradicated deficiencies in their application of the law. These inspections have intensified with a view to eliminating the irregularities that have been committed in many parts of the country.

I should add that this policy of rectifying errors is being enforced equally rigorously among notaries, in the Civil Registries and Registries of Associations, and in matters related to the National Heritage. In all cases, the objective has been to improve organization, increase the quality of service, and apply measures to facilitate procedures for the public.

An important element has been the improvement of the technical and professional quality of jurists, which has begun to yield concrete results. Thus, we are optimistic about the future.

[Question] What aspects of our legislation are being refined at this time?

[Answer] At present the projects being undertaken include drafting amendments to the Penal Code, the Law on Criminal Procedure, and the Law on the Organization of the Judicial System.

With respect to the Penal Code, it has been decided to introduce a few modifications for the purpose of decriminalizing certain behaviors that are not socially dangerous, and adapting the penalty system to conform to the real possibilities present under the prevailing social conditions in our country.

Not every infraction of the law should be subject to criminal penalties, but this does not mean that the behaviors removed from the Penal Code can be committed with impunity. These infractions can be dealt with more effectively, more educationally, and more quickly through administrative, labor, or disciplinary sanctions. This reserves penal sanctions for acts that are more dangerous to society.

In addition, we are seeking to create a varied system of penalties that will allow punishments to be meted out fairly and precisely, depending on the nature of the illegal act and the personal circumstances of the perpetrator. Thus, we are studying the possibility of incorporating new penalties into the system; considering the imposition of fines for the less serious offenses which today are punishable by incarceration alone; improving current regulations governing other penalties, such as restricted freedom; increasing the penalties in certain cases, primarily those involving corruption; and reinforcing the regulations concerning probation, to cite just a few studies.

The amendment of legislation on criminal procedure began with the passage of the decree law on criminal review in July 1985, and continued with the agreement by the Council of State on the application of preventive measures in March 1986. Now the Law on Criminal Procedure is being reformed in a more comprehensive way.

In addition, we are studying formulas that will make it possible to adapt justice to the social environment in which crimes are committed, and to favor the involvement of the entire society in the efforts to combat crime. The latter will be carried out by means of mechanisms that will further expand the participation of workers' collectives and mass organizations in these social responsibilities.

On the other hand, we are striving to broaden the functions of the Government Council of the People's Supreme Court, as well as those of the chairman of that top judicial body. In addition, the various departments and sections of the courts are to have a more flexible composition.

[Question] How do you assess the quality of the preparatory phase of the cases prosecuted by police pretrial investigators in recent years?

[Answer] In my opinion, in recent times there has been an improvement in the quality of the preparatory phase under the direction of police pretrial

investigators. I am assessing it from the viewpoint of the judicial responsibility.

In addition, the operational effectiveness of the investigative agencies has been improved in terms of solving crimes. Outmoded, mechanical methods have been eliminated, and now there is a greater degree of thoroughness and objectivity in the investigation of crimes. More of an effort is made to search for and provide material evidence, utilizing more useful and effective means of proof.

The preparatory phase is a stage that lays the foundation for the entire criminal process, and it consists of investigation, accumulation of evidence, and identification of facts and perpetrators. This is not a time for judgment, but rather for discovery. Viable evidence is gathered to determine the guilt or innocence of the individuals involved in the criminal prosecution. This stage is later evaluated, examined, and ruled upon by a court.

I am convinced that the pretrial activities determine to a great extent what decision the court later makes when it tries the case. It is for this reason that improving the quality of the preparatory phase is such an important factor in the advancement of criminal justice. Police pretrial investigators and the courts must work hand in hand in this reform effort, because this is a top-priority commitment.

[Question] Why is there no confiscation of the property obtained with the proceeds from illicit activities or embezzlement?

[Answer] That is one of the problems we are facing right now. Our Penal Code does not provide for the confiscation of property; it only authorizes the seizure of the effects or instruments of the crime.

This issue is being studied by experts at the Justice Ministry and the Party with a view to drafting legislation to provide for confiscation. It would be done through administrative channels, however, rather than legal ones. In this way, property built or acquired with the proceeds from illegal business transactions or embezzlement could be confiscated.

[Question] What are the fundamental characteristics of crime in Cuba?

[Answer] It is not easy to express an opinion on those characteristics, because we do not have research data to back up assertions with properly gathered, well-founded evidence.

At present, the most common crimes are the least serious ones. Among crimes against property, the variants that do not involve the use of force or violence are the most prevalent: theft, taking goods for personal use, receiving stolen property, and others. And within these offenses, the general trend in crime involves items of little value, petty theft.

This does not mean that these actions are not a danger to society, but it helps define the nature of criminal activity today.

In crimes against persons, battery is the most common. Although it is classified as a crime of violence, battery is actually the least violent offense within the criminal context, when compared with other crimes against persons.

One of the most serious problems involves transit offenses, which have shown no sign of declining in the last 7 years.

There are no trends comparable to those plaguing capitalist society, such as organized crime, drug trafficking, illegal arms trafficking, the illegal destruction of social property . . . Recidivism is not a concern, and female crime is actually quite low.

From the national point of view, the largest concentration of crime is found in the capital. This can be explained, logically, by the fact that about 22 percent of the population over the age of 15 lives in Havana Province. This area is associated with the highest volume of vehicular traffic, as well as numerous businesses, industries, urban development projects, recreational centers, tourism, and hotels.

[Question] What problems are Cuban specialists focusing on in their criminology studies?

[Answer] In general, there is a definite trend toward looking into the causes and conditions of criminal activity. With these objectives in mind, criminology research is aimed at discovering the causal links of crime with a view to taking commensurate preventive actions.

On this basis, the two priority subjects covered by Cuban specialists in their research are crimes committed by youths and crimes against property. Of course, the two concerns respond to different motivations. The first is inspired by the social desire to raise an ethically healthy generation, while the second derives from an interest in gradually reducing the incidence of this type of crime.

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CSO: 3248/386

DISORDERLY BEHAVIOR AT HAVANA CARNIVAL EVENT

Weapons Confiscated

FL301435 Havana Tele-Rebelde Network in Spanish 1100 GMT 29 Jul 87

[Excerpts] The carnival group representing the university and mid-level students federations has won the Carlos Moctezuma grand prize awarded by the jury of the Havana carnival, which ended on Monday.

The attitude of the Guaracheros de Regla collective was shameful. Not happy with the second place prize they obtained, the group's members made an unpleasant spectacle of themselves in the area around the jury's box. The indiscipline displayed by the group was a far cry from the behavior that characterizes our country's amateur artists movement and everyone else who in one way or another is involved in the various cultural areas. The jury decided to take away the prizes won by the Guaracheros; meanwhile, the carnival's committee is looking into circumstances that led to this indiscipline and lack of control and exigency on the part of the group's leaders in order to find out what happened and take the necessary measures. [Video shows a jostling crowd, with several women weeping and shouting]

Also in connection with the Havana carnival, the Old Havana municipal tribunal handed down several sentences for a group of individuals found to be carrying knives in the areas of the festivities. Citizens David Piloto Barcelo, Carlos Hernandez Reyes, Roberto Gonzalez Suarez, and Idel Izaguirre were sentenced to 3 months in prison. Luis Cabrales Sanchez was sentenced to 6 months in prison for carrying handcrafted knives.

Students' Group Disciplined

FL061307 Havana Television Service in Spanish 0000 GMT 5 Aug 87

[Excerpt] Moreover, the carnival organizing committee also decided to suspend the Guaracheros de Regla's participation in the carnivals of Matanzas and Cienfuegos, as well as in other popular festivities in which they were scheduled to take part. Lastly, the carnival organizers wish to explain that as long as the collective is not reorganized and as long as it fails to meet higher standards of discipline and social behavior, the Guaracheros de Regla will not be able to perform publicly.

/9738

CSO: 3248/395

CUBA

RAILROAD POLICE RESPOND TO LUGGAGE, CARGO THEFT

FL180125 Havana Television Service in Spanish 0000 GMT 17 Aug 87

[Text] The railroad police has been operating for several months. This is a specialized department of the National Revolutionary Police General Directorate which has among its fundamental objectives preservation of public order and crime prevention.

[Begin video recording] Equipped with the most modern technical means to help provide better services in the country's railroad system, the railroad police was created because of the need to combat criminal activities which were affecting more and more passenger and cargo transport. With them, the Auxiliary Railroad Police Force and the Vigilance Corps constitute an efficient means to control those carrying out antisocial activities.

[Reporter] What were the most common crimes in cargo transportation?

[Colonel Jose L. Dominguez, chief of the Railroad Police Department, identified by caption] Cabins were broken. They are locked with a large wire. Sometimes the wire was not used or the most adequate one was not used. This made it easy for the criminal to commit his crime. We also make sure the containers are placed correctly. That is, containers have doors in their openings and we make sure panels are placed from one side of the opening to the other so that it is difficult to open the doors and get in.

[Rafael Enamorado, chief of the central cargo station, identified by caption] We really had many complaints about railroad thefts, especially of cargo. Since the month of February, we have only had two burglaries or thefts. Before we had thefts daily. With the implementation of preventive measures and the station's administrative controls, this has considerably decreased in the last few months. We believe that if we continue enforcing the controls as we have, with requirements made by the railroad police and us, the administration, we will be able to eliminate the situation the cargo center has had for months and years. [end video recording]

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CSO: 3248/395

BRIEFS

TRAINING FOR CONSTRUCTION MINI-BRIGADES--As of 1 September, 1,900 students will attend the first course offered by the on-site mini-brigade schools sponsored by the mini-brigade administration and the Union of Consultative Enterprises on Homes in Havana City. This was reported by Guillermo Matas, provincial education director of Havana City. He added that students will come from construction schools and some will be graduates from the basic and intermediate levels of the youth movement and from the ninth grade. They will be bricklayers, carpenters, cement workers. At the conclusion of the 22-month course, the students will continue working in mini-brigades and will be able to enroll in intermediate technician courses. The on-site mini-brigade schools are directed by the (Solo Pantoja) Polytechnical School in La Lisa and the America Latina Polytechnical School in Cotorro, as well as a new center that will be located in Cojimar. [Text] [Havana Radio Reloj Network in Spanish 2056 GMT 25 Aug 87 FL] /9738

CSO: 3248/395

DOMINICAN REPUBLIC

BALAGUER SAYS URBAN REFORM 'MOST IMPORTANT' PROGRAM

Santo Domingo LISTIN DIARIO in Spanish 13 Jul 87 pp 1, 17

[Article by Rafael G. Santana]

[Excerpts] San Antonio, Yamasa--President Joaquin Balaguer stated yesterday that Agrarian Reform is the government's "pet project," the most important program going on in the Dominican Republic.

"There is something I want to tell you at this time. It has to do with Agrarian Reform, and I want to say it here in Yamasa. Agrarian Reform, as I have always said, is the pet project of the current government. It is the most important social program that must be carried out in the Dominican Republic," asserted Balaguer.

During a press conference held at the conclusion of the ceremony with the parcel holders, Balaguer indicated that Agrarian Reform is "the project that will occupy the last days of my life; it is the only project whose completion will allow me to go to my grave in peace."

Balaguer warned that "Agrarian Reform must be carried out with extreme caution, and must be defended against all its enemies, who are legion. It must be carried out with caution because the settlements must always be located in the most appropriate places, and because the pretext of social justice cannot be used to destroy the foundations of the republic's stability, that is, agriculture."

He cited the example of the invasion of an estate in Nagua which belongs to Mr Isidro Garcia.

"That estate has around 7,000 tareas of prime land, blessed with excellent pasturage, perhaps the best in the Dominican Republic. That land was destined by nature to be used for livestock. To seize that estate, as the Aguayo estate was seized in San Francisco de Macoris, for an agrarian project, is simply a violation of the law, a crime," declared Balaguer.

"The country, our country, needs agricultural development, but it also needs livestock development. Livestock, cattle, cows supply not only meat but also

milk, and these are two life-sustaining elements for every human being," emphasized Balaguer.

"Another thing that must be considered in the development of Agrarian Reform, and something that we must maintain to defend that project of such tremendous social significance, is that often Agrarian Reform has been implemented in areas that are not suitable for agriculture. These are sterile lands, lands that cannot bear any fruit, no matter how much sacrifice is made," argued Balaguer.

Balaguer stated that when "an error of this type is made, it is a discredit to Agrarian Reform."

Referring to the peasants who are demanding land, Balaguer contended that "farmers are workers who love their land."

"We are the lazy ones, those of us who wear suits and ties," proclaimed Balaguer.

"I strongly urge you to defend Agrarian Reform, not to ask that this estate be turned over to you immediately, so that it can go to the Dominican Agrarian Institute. Demand it when it is necessary, when the time is right for Agrarian Reform, that is, when the land in question is suitable for farming," stated Balaguer.

He called upon the peasants "not to invade private property," but to demand that the authorities declare them in the public domain.

"That is the advice I have for all of you throughout the national territory, that you behave in such a way that none of your acts reflects badly on Agrarian Reform," emphasized Balaguer.

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CSO: 3248/387

DOMINICAN REPUBLIC

IAD DIRECTOR ISSUES AGRARIAN REFORM GUIDELINES

Santo Domingo EL CARIBE in Spanish 6 Aug 87 pp 1, 6-B

[Excerpts] The government will not buy any holding that has been invaded, declared the director of the Dominican Agrarian Institute (IAD), Jaime Rodriguez Guzman.

He pointed out that if the government buys property that has been invaded, it will have to buy all the holdings in the country.

Rodriguez Guzman contended that this would constitute pressure, and the government refuses to be pressured by anyone to carry out Agrarian Reform plans.

He indicated that the present government has bought several estates that have been used for Agrarian Reform by being distributed among the peasants of different communities.

The IAD director declared that the administration is emphasizing the enforcement of the Agrarian Code, the Quota Part Law, and the recovery of lands in the possession of private individuals.

Rodriguez Guzman indicated that the government is making the greatest effort to enforce these laws, and that it will continue to do so with even more vigor than before.

He stated that Agrarian Reform will be implemented in order to give land to those farmers who desire to work the land.

Nonetheless, he noted that the government respects and will continue to respect private property, and that it will not give land to any farmer who invades private holdings.

As for leasing land, he indicated that the rates rose so high because land was being leased to people who were not farmers.

Last month the president of the Association of Planters and Cattlemen quoted President Joaquin Balaguer as saying that the government will not support land invasions.

Silvestre Alba de Moya explained in early July that the chief of state's assertion came after a delegation of representatives of the agriculture-livestock sector expressed their concern about land seizures.

The representative of the planters and ranchers stated that the private sector is willing to sell land to the government on negotiated terms, if the government pays a fair price and makes the purchase through established legal procedures.

As a result of the occupations, hundreds of peasants have been arrested in various parts of the country for invading private or state-owned lands.

In April, more than 100 peasants were arrested in Villa Altagracia after occupying lands of the Catarey sugar plantation in a large area of that municipality.

Last July, the national press reported on the seizures that hundreds of peasants were carrying out under the auspices of the Central Association of Farmers of Nagua.

This association said that the peasants were forced into this action by hunger and the shortage of agricultural products. The property invaded in Nagua was privately owned.

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CSO: 3248/387

DOMINICAN REPUBLIC

BRIEFS

DOMESTIC DEBT FIGURES--National Budget Director Jose Antonio Guzman Alvarez revealed last night that the domestic public debt of the Dominican Republic amounts to 2,510,862,258.58 pesos. In a speech to the nation from the National Palace, Guzman Alvarez presented a detailed report on the distribution of the debt among the various state institutions. He also emphasized the amount of the debt corresponding to the Price Stabilization Institute (INESPRE), which is exceeded by just three other institutions. The INESPRE debt totals 301,568,530.21 pesos, the fourth largest. The leading debtors are the Reserve Bank, the Dominican Corporation of State Enterprises (CORDE), and the Dominican Electricity Corporation (CDE). The Reserve Bank owes 369,940,553.07 pesos; the CORDE debt is 360,183,676.52 pesos; and the CDE debt is 304,911,029.87 pesos. This makes them the four largest debtors in the country. [Excerpt] [Santo Domingo EL CARIBE in Spanish 28 Jul 87 pp 1, 4] 8926

CSO: 3248/387

PER CAPITA INCOME FALLS TO 1960 LEVEL

San Salvador EL DIARIO DE HOY in Spanish 14 Jul 87 pp 3, 61

[Text] Victor Steiner, president of the Chamber of Commerce and Industry, stated that the income level for every Salvadoran has been set back 27 years; and hence the living standard and poverty level prevailing in the country are nearing the lowest in the world, on a par with those of countries such as Afghanistan, Haiti, Uganda, Zaire, and Ethiopia, among others.

During a television program, and together with other members of the association's board of directors, Mr Steiner also stressed that over a sixth of the Salvadoran population is unemployed and, of the number working, only 400,000 or fewer hold a formal, permanent job.

The business leader claimed that the Christian Democratic regime's mistaken economic policy and the destruction by terrorists are the main reasons for the crisis into which the country has fallen.

The president of the influential trade association, making an analysis of the critical situation present in El Salvador, emphasized: "This government, the one that has received the most resources, is at the same time the one that has led the country into the most severe poverty."

He added: "The situation in El Salvador has reached a critical degree of poverty, that has caused a deepseated unrest, lack of confidence, and uncertainty among Salvadorans."

Mr Steiner also maintained that never in the country's history has one observed such a high rise in prices of goods and services of prime necessity.

The businessman's analysis also disclosed that only one out of every three Salvadorans of age to attend school has the opportunity to do so.

He also cited the lack of medical treatment services as a serious problem, which has caused an increase in diseases associated with diarrhea, respiratory infections and malnutrition, especially among newborn children and those up to age 5.

In conclusion, Victor Steiner observed that, to emerge from the crisis, "the alternative is to reinforce the productive sectors, taking into consideration the fact that the economic base on which the country's economy depends is the free market; which would make it possible to attain a level of full employment for the economically active population."

2909

CSO: 3248/378

FOUR SECTORS REGISTER GROWTH IN OUTPUT

San Salvador LA PRENSA GRAFICA in Spanish 30 Jul 87 pp 3, 59

[Text] The acting president of BCR [Central Reserve Bank], engineer Mauricio Choussy Rusconi, announced an increment for the gross domestic sector in the agricultural-livestock, industrial, construction, and commercial areas.

He declared that the production policy has assumed special importance, because everyone realizes that inflation is not curbed only on the demand side, but also by the increase in the supply of goods and services.

The banker claimed that, for this purpose, the government's economic program is seeking increments in the gross domestic product in the following areas and magnitudes: agricultural-livestock sector, 2.2 percent; industrial sector, 2.5 percent; construction sector, 16 percent; and commercial sector, 0.6 percent.

Specifically, Choussy Rusconi reaffirmed the fact that, included among the objectives and goals of the production policy, are those of raising production and productivity through incentives and benefits for the increments that are accrued in them.

The specific sectors to be given an incentive for raising production are: agriculture and livestock, industry and agroindustry, transportation and associated industries; and, in the construction sector, housing construction, reconstruction of public buildings, and rebuilding of infrastructure.

The acting president of BCR announced that there has been a reduction in interest rates for productive sectors, and soon tax incentives will be established for the increments accrued in production and productivity.

2909

CSO: 3248/378

MEXICO CITY METROPOLITAN AREA COST OF LIVING DATA

[Editorial Report] The following cost of living data for the Mexico City metropolitan area have been extracted from reports published in various issues of the Mexico City Spanish-language dailies EL DIA ('METROPOLI' supplement; abbreviated as MS), UNOMASUNO, and EXCELSIOR on prices found in stores and markets at various locations in the area. Prices are expressed in pesos and the unit of measure is kilograms, except where noted otherwise. The 19 food categories for which prices are monitored comprise a standard list of items widely considered as necessary for meeting a family's minimum nutritional requirements.

<u>Item</u>	<u>Price, Notes</u>	<u>Source</u>
1. Vegetable oil	No price available (N/A)	
2. Rice	N/A	
3. Sugar	N/A	
4. Pork	N/A	
5. Beef		
Stew meat	2000 (official price)	UNOMASUNO 27 Jul 87 p 14
6. Beans	N/A	
7. Fruits		
Starking apples	1718	EL DIA (MS) 1 Jul 87 p 6
Starking apples	2809	same as above
Starking apples	2939	same as above
Starking apples	3059	same as above
Starking apples	3090	same as above
Starking apples	3109	same as above
Starking apples	3299	same as above
oranges	199	same as above
oranges	275 (2 locations)	same as above
oranges	290	same as above
oranges	325	same as above
oranges	339	same as above
oranges	365	same as above
oranges	374	same as above
oranges	398	same as above
oranges	417	same as above
oranges	420	same as above
oranges	289	EL DIA (MS) 15 Jul 87 p 6
oranges	329	same as above
oranges	350	same as above
oranges	360	same as above

oranges	399	same as above
oranges	420 (2 locations)	same as above
oranges	424	same as above
oranges	449	same as above
oranges	458	same as above
oranges	199	EL DIA (MS) 22 Jul 87 p 6
oranges	269 (2 locations)	same as above
oranges	300	same as above
oranges	322	same as above
oranges	345	same as above
oranges	419	same as above
oranges	424 (2 locations)	same as above
oranges	439	same as above
oranges	459	same as above
8. Biscuits	N/A	
9. Wheat flour	N/A	
10. Eggs	N/A	
11. Milk	N/A	
12. Lard	N/A	
13. White bread	N/A	
14. Potatoes		
white potatoes	269	EL DIA (MS) 15 Jul 87 p 6
white potatoes	289	same as above
white potatoes	349	same as above
white potatoes	369	same as above
white potatoes	390	same as above
white potatoes	399	same as above
white potatoes	420	same as above
white potatoes	425	same as above
white potatoes	446	same as above
white potatoes	449	same as above
white potatoes	245	EL DIA (MS) 22 Jul 87 p 6
white potatoes	289	same as above
white potatoes	299	same as above
white potatoes	349 (2 locations)	same as above
white potatoes	399	same as above
white potatoes	405 (2 locations)	same as above
white potatoes	414	same as above
white potatoes	432	same as above
white potatoes	490	same as above
red potatoes	279	EL DIA (MS) 15 Jul 87 p 6
red potatoes	280	same as above
red potatoes	308	same as above
red potatoes	320	same as above
red potatoes	349	same as above
red potatoes	359 (2 locations)	same as above
red potatoes	412	same as above

red potatoes	429	same as above
red potatoes	462	same as above
red potatoes	484	same as above
15. Pasta	N/A	
16. Fish	N/A	
17. Salt	N/A	
18. Tortillas	200 (official price)	EXCELSIOR 17 Jul 87 pp 4-A, 11-A
	260	EXCELSIOR 16 Jul 87 STATES section p 2
	250	EL DIA (MS) 20 Jul 87 p 11
19. Vegetables		
tomatoes	369	EL DIA (MS) 1 Jul 87 p 6
tomatoes	463	same as above
tomatoes	595	same as above
tomatoes	649	same as above
tomatoes	665	same as above
tomatoes	695	same as above
tomatoes	699 (2 locations)	same as above
tomatoes	715	same as above
tomatoes	349	EL DIA (MS) 15 Jul 87 p 6
tomatoes	553	same as above
tomatoes	589	same as above
tomatoes	650	same as above
tomatoes	652	same as above
tomatoes	659 (2 locations)	same as above
tomatoes	689	same as above
tomatoes	699	same as above
tomatoes	749	same as above
tomatoes	349	EL DIA (MS) 22 Jul 87 p 6
tomatoes	449	same as above
tomatoes	576	same as above
tomatoes	642	same as above
tomatoes	670	same as above
tomatoes	672	same as above
tomatoes	699 (3 locations)	same as above
tomatoes	725	same as above
tomatoes	825	same as above
green beans	699	EL DIA (MS) 15 Jul 87 p 6
green beans	798	same as above
green beans	805	same as above
green beans	840	same as above
green beans	859	same as above
green beans	889	same as above
green beans	899	same as above
green beans	944	same as above
green beans	972	same as above
green beans	1015	same as above
green beans	1044	same as above

STUDENTS RETURNING FROM CUBA, USSR 'DISILLUSIONED'

Managua EL NUEVO DIARIO in Spanish 4 Aug 87 pp 1, 12

[Article by Aura Lila Moreno]

[Text] "Why don't they give us jobs if we are necessary for the economy?" More than a few graduates of technical schools and institutions of higher learning have asked this question, privately or publicly. And there are many and diverse cases.

These are young people who 5 or 6 years ago went to Cuba, Bulgaria, the Soviet Union, or the German Democratic Republic, among other countries, to study a career with the expectation that they would contribute all of their knowledge to the development of the economy.

After many years, they come back to the country bearing not only their degrees, which accredit them as specialists in one field or another, but also many illusions that are soon dispelled because they are given "the run-around" under the current job placement policy for cadres.

Maria Isabel Blandon is a young woman from Jinotega who obtained her diploma in food chemistry technology, specializing in fruit and vegetable canning, at one of the polytechnical institutes in Havana. She went there on a scholarship from the Education Ministry (MED) as a reward for her successful participation in the National Literacy Crusade.

Empty Promises

With the joy and enthusiasm typical of youth, Maria Isabel returned to the country last February. Since then, "they have given me nothing but promises." A similar situation has befallen 15 other graduates who studied the same subject during the same years.

How have they been given the "run-around"? According to Maria Isabel, the MED told her to report to the Labor Ministry (MITRAB), and this institution sent her along with her colleagues to the Department of Human Resources of the Ministry of Agricultural-Livestock Development and Agrarian Reform (MIDINRA), where they were to be placed in jobs commensurate with their training.

The Sebaco Valley Project was to be their final destination, but when they got there, they were disappointed to discover that there was no job opening. Since that time, they have been given many promises. On this occasion, the MITRAB of Region VI said, "We are going to be trying harder."

Commitment

Before leaving for the country where they were to study a certain field, the scholarship recipients made a commitment to perform their social service wherever the Revolution needed them. Not everyone has agreed to work outside his own region, however, commented Rosario Gomez of the MITRAB.

Maria Isabel confessed that on one occasion the Labor Ministry had sent her to IFRUGALASA, an enterprise located in Region IV. The tremendous problem she encountered was that her pay was not even enough to cover her housing expenses. "The base pay was 73,000 cordobas, and just to rent a room it cost more than 100,000 cordobas," she stated.

Domingo Carballo of Chontales received a degree in zootechnical engineering from the Patrice Lumumba University after 5 years of blood, sweat and tears. Like Maria Isabel, he wore out his shoes going from one enterprise to another.

From the National Council of Higher Education (CNES) they sent him to the MITRAB, and from that ministry to the MIDINRA, and from there to the Ramon Raudales Enterprise, and then to the Chiltepe Project. The "run-around" would still be going on if he had not found a job at an institution, doing something outside his field.

The same thing happened to Martha Lanzas, who began to work a year after returning to the country with a degree in food technology. Through a friend she got a job at the Food Technology Laboratory (LABAL) of the Industry Ministry. She is not practicing her profession either; she is in charge of the documentation center, although she has not "studied library science at all."

Another example is that of Patricia Carrion, who specialized in beverages and liquors in the food science department of the Ejercito Rebelde Polytechnical School of Havana. Five months after arriving in this country, she began working at the People's Industrial Corporation (COIP).

"I was not placed by the MITRAB or the MED; I went looking on my own," stated Patricia, recalling that she was told the same as the other new graduates. "Drop by every once in a while," they told her at Education. Of course, she got tired of just "dropping by."

All those interviewed appealed to the relevant institutions to seek a better job placement policy for technical and professional cadres. "Forget about bureaucracy," they said, emphasizing that if they are so essential, "Why don't they give us jobs?"

8926

CSO: 3248/388

MANAGUA MOBILIZES 30,000 MILITARY RESERVISTS

Managua BARRICADA in Spanish 6 Aug 87 p 4

[Text] At the ceremony held yesterday to sum up the first military instruction period and to make emulation awards at the Zinica Military Training Center (CEM) in Las Banderas, Col Julio Ramos, chief of Military Region III, officially announced the mobilization of reserve battalions to the war zones, the training of more than 50,000 reservists and militiamen by the end of the year, and the strengthening of defense plans for the capital.

During the ceremony, in which awards and recognition were extended to officers, classes, and soldiers in the region, special mention was made of the 6006 Vanguard Battalion of the municipality of San Benito for its exemplary military preparedness, fulfillment of tasks, and ground maneuvers.

The guerrilla commander described how the American administration, upon completion of the initial investigations by the Senate, has become an apologist for crime and a platform for aggression, requesting more than \$300 million from Congress for its mercenaries.

In the face of these imperialist threats, he indicated, we are devoted to preparations and expansions for the battle of Managua, in case the Reagan Administration decides to invade us or attack us.

And as a result of these efforts, in the first months of the year more than 30,000 reservists from the capital were deployed, exceeding the objective by 10 percent. In addition, the Patriotic Military Service objective was also achieved and exceeded by 30 percent.

Along with these accomplishments, each month a company is sent to the Pancasan Battalion in Region V to defend the highway to El Rama. This task has been going on for 2 years.

Service is voluntary and lasts 3 or 4 months.

The Military Region, however, intends to relieve the Pancasan and operative units of the Sandinist Popular Army (EPS) who are carrying out these activities with reserve battalions from the capital, stated the guerrilla commander.

Later he emphasized the refinement of the chains of command and their coordination in the various military units, advancing further the idea of the great popular war involving the state institutions, mass organizations, and the people as a whole.

As a result of those many efforts and achievements, the Military Region expects by 4 January 1988 to have more than 50,000 reservists and militiamen available after training at the central and rural instruction centers, "so that we can say we are prepared for war."

Other tasks announced for the months of August and October include the updating of records on all youths suitable for Patriotic Military Service (SMP) in a responsible manner, "and making a greater effort to prevent violators or people who claim to have lost their I.D. cards in order to avoid serving," he added.

"We cannot allow these people to mobilize in the barrios, enjoying a lot of benefits and not doing their service," warned the chief of the Military Region. He declared that steps will be taken to reduce the number of violators.

The response of the workers in the enterprises and institutions was hailed, and so was that of the peasantry, in particular, for fulfilling their reserve duty without neglecting the harvest.

"Here," he stated later, "every Managuan must have a clear idea of his role in time of war. We intend to coordinate, refine, and extend our wartime plans in conjunction with all of the state institutions, such as the Nicaraguan Institute of Energy (INE), the Nicaraguan Water and Sewage Institute (INAA), the Ministry of Health (MINSA), and others," he explained.

Among the groups and individuals cited and named to the vanguard are Unit 6006 of Rural Troops; Exploration of the Military Region; Capt Juan Estrada Garcia, chief of rural troops; and Capt Rolando Lopez of the Bocay CEM.

Present were Maj Oscar Cortes, chief of staff in Region II; Maj Erwin Davila, chief of the Political Section; and Maj Daniel Pozo, chief of staff of the Managua Special Defense Region, among others.

8926

CSO: 3248/388

PRISON FARM COOPERATIVE HOLDS SOMOZISTS

Managua BARRICADA INTERNACIONAL in English 30 Jul 87 p 12

[Text]

"This Revolution's concept of justice is essentially humane - not legalistic, but humane. It's fundamentally concerned with the individual, rather than with the strict letter of the law." The words not of an FSLN militant but of a man in prison, with 22 years of a 30 year sentence (the maximum under Nicaraguan law) left to serve.

Ricardo Gómez Marengo was a lawyer during the Somoza regime. "I took part in political trials, trials of all sorts which perverted the course of justice for Somoza's benefit, for the benefit of the dictatorship." He enjoyed status and wealth, and travelled in Latin and North America. Now he wears a coarse, blue shift and the skin around his neck is swarthy and sunburnt, like a campesino's, from work in the fields. He is not, however, disconsolate. On the contrary, his eyes glitter behind thick spectacles with a messianic zeal as he holds forth on the advantages of the Nicaraguan penal system.

Marengo, along with 42 others, is "incarcerated" in

La Granja prison farm, 23 km east of Managua. It is an open prison, supervised by only two staff and run almost entirely by the inmates. A number of similar institutions raise livestock and plant a wide variety of crops, but La Granja's speciality is market gardening. Onions, beetroot, peppers, "pipián" and carrots stand to attention in immaculate, perfectly tended rows. One hundred and thirty-four acres are under cultivation and in their midst the wooden farm buildings and living quarters cluster peaceably together. There are no locks or perimeter fences to be seen.

Within the Nicaraguan penal system prisoners pass, according to their general conduct and progress, from an initial period of assessment within a closed prison, through a "working" regime, a semi-open regime and finally to the completely open regime as practiced in La Granja. The final phase of the sentence is spent living at home with their families with certain parole conditions.

Although treatment is identical for common criminals and former

Somocistas or counterrevolutionaries, the inmates of La Granja were all convicted of crimes committed during the dictatorship and have been progressing through the new penitentiary system during the eight years of the Revolution.

They are men like Noel Ramón García, for 22 years a member of Somoza's National Guard, in which he was a sergeant and radio operator. He joined the Guardia, he says, "to get rid of my inferiority complex" and certainly enjoyed many attendant privileges, including travel to Panama for training.

Now, life has taken a simpler turn, but he too talks without bitterness. Indeed his accounts of prison life, measured and reflective, suggest an almost unbelievable contentment: "It's like a monastery here. In the sense that we are completely free to get all of the poison out of our heads, to - how shall I say? - to relax a while. There are holidays, there are leaves...It's a perfect atmosphere to get yourself together, to train and to think."

García is the head cook at

La Granja - a job which is made easy by the abundant produce available - but his experiences within the penitentiary system have also left him with training in metalwork, bricklaying and horticulture.

"The authorities," he explains, "set out to help you, not to destroy you."

Work, training and education are fundamental to La Granja's rehabilitation process. An inmates' committee discharges managerial functions and organizes work schedules but also assigns individual responsibilities: for health, recreation, education,

sports... The working day lasts from early morning until five in the evening with a two hour break for lunch. During the evening there are classes, given where possible by inmates, but with the support of the Ministry of Education and the National System for Professional Training. These include technical training courses which provide theoretical instructions to backup work done during the day. "We have the advantage that here the students live in the school," comments Marenco.

Television, chess, dominos and magazines are available and a travelling library from the Ministry of Culture visits once every two weeks.

Contact with families is another important element of the rehabilitation program. Families visit on Sundays and may spend the whole day at La Granja. There are, moreover, facilities for "conjugal visits," and prisoners receive regular week-end leave. Inmates' earnings for their work can be paid to their families and a week's home leave is granted once every six months, making eventual re-integration into the community less traumatic.

Julio César Guardado, a soldier in the National Guard for two years, is about to go home to his family in León for the final stage of his 11-year sentence. He hopes to set up in business with his brother, running a bakery, but the general economic troubles the country is facing will make his task a difficult one. "For me," he says, "this war going on in Nicaragua doesn't do anyone any good. It doesn't do us prisoners any good. We only want to get on and work."

Given the continuing aggression against Nicaragua, it is truly remarkable that the philosophy of reconciliation and re-education embraced by such institutions as La Granja should continue to flourish; and indeed that this philosophy should be enshrined in the country's recently approved constitution.

Such commitment to the rights and welfare of prisoners puts to shame the penal codes of most countries in the world.

But Lieutenant Francisco Silva, the prison director, was puzzled at the suggestion that there is anything extraordinary about the Nicaraguan system. A small and unimposing man, who must have been selected for his kindness, he sits in an arbour surrounded by vegetable gardens and muses gently in the balmy afternoon: "We think of prison as being a place that a man comes away from with a new mentality - an enlightened mentality. It's a school, a university where a man has much to learn."

Meanwhile, the students have turned off the television after their lunch break and are trooping back to the fields.

/13104

CSO: 3200/15E

URUGUAY

IGLESIAS ON FISHING AND PORT USAGE AGREEMENTS

PY151617 Montevideo Radio CARVE in Spanish 0930 GMT 15 Aug 87

[Text] Foreign Minister Iglesias will leave Uruguay on a visit to several socialist countries in early September. The trip is aimed at offsetting the consequences of the new fishing agreements signed by Argentina. Yesterday afternoon, the foreign minister, several of his aides, and the transportation and public works under secretary met with the chamber of Deputies Foreign Affairs Committee.

During the meeting, he reported on the agreement signed between Uruguay and the USSR on port activities related to fishing operations.

Although Iglesias told the committee that an agreement had been signed with the USSR, he later denied it to the press.

Iglesias explained details of the text which will be submitted to Congress for approval:

[Begin recording] [Iglesias] The most important part of the agreement, which is of special interest to the government, refers to the use of our ports. The Transportation Ministry under secretary said Uruguayan ports are being used inefficiently. Thus, one of the main goals of the agreement is to emphasize that the section that refers to fishing is only one of several sections of the agreement. This explains the special importance attached to the section related to port usage.

[Reporter] There is criticism, particularly by (Dr Jaime Melgareja), of the violation of Article 4 of the Fishing Law. It has been charged that the agreement does not ensure that Uruguay's fishing rights are the same as those of the USSR.

[Iglesias] The text of this agreement can be modified. This criticism, however, does not apply to the contents of this particular agreement, which will serve as a standard for future agreements. It is pointless, therefore, to listen to lawyers' comments on topics that will start a debate which will not benefit any of the parties.

[Reporter] Mr Minister, did you discuss any other topics at the meeting?

[Iglesias] Yes, I reported on the results of the Sao Paulo meeting. I will report on it to the Senate on 17 August, so I decided to go ahead and report on the meeting to the deputies today.

[Reporter] What can you tell us about Uruguayan Ambassador to Argentina (Mario Fassati)'s trip to Beijing?

[Iglesias] He was invited, just as many other government officials and private individuals were invited. His trip has no special significance.

[Reporter] Did you also discuss (Fassati's) trip at the meeting?

[Iglesias] Yes, we did.

[Reporter] Regarding the presence of Polish fishing boats in our waters, has there been any comment on the possibility that these boats no longer come to our ports, and...

[Iglesias, interrupting] Yes, of course. We must remember that the new agreements signed by Argentina establish that these boats should anchor at Argentine ports. Therefore, it is important to make the most of our ports. Another important point is that we must receive more ships and thus create more job opportunities for our people, mostly because job opportunities in our country are few.

[Reporter] Does that mean that the Polish ships will no longer come to our ports?

[Iglesias] Well, this is one of the reasons why I will visit some European socialist countries in the company of several Uruguayan businessmen. We want to ensure our position in a market that involves thousands of dollars which we do not want to lose. [End recording]

/9604

CSO: 3348/449

BROAD FRONT'S INTERNAL DIFFERENCES DISCUSSED

PY110211 Montevideo EL DIA in Spanish 1 Aug 87 p 1

[Text] Deputy Yamandu FAU (PGP) on 31 July termed the differences within the Broad Front "substantial." He added that these differences are not limited to the constitutional reform bill, they also "exist in the political and union sectors and regarding ideology." Senator Francisco Rodriguez Camusso expressed his "dissatisfaction with certain aspects of the Broad Front's functioning." He also stated that his sector "voted for the current statutes because of party discipline," but it does not approve of them. He expressed his surprise over the naming of Carlos Baraibar as General Liber Seregni's political secretary because "he is not an independent."

These remarks were made after an address by Liber Seregni, president of the Broad Front, on 6 August. Seregni admitted the group's difficulties and expressed his doubts as to whether the Broad Front could continue as such if the internal problems were not resolved this year.

The differences within the Broad Front emerged when it was observed that a common constitutional reform bill could not be submitted to the Political Committee. At the beginning of the week a bill was submitted that was supported by the Socialists, Communists and the PVP [People's Victory Party], but the POP and the PDC [Christian Democratic Party] did not support it. These parties submitted their own bill.

The submitting of the first bill resulted in the replacement of Oscar Bottinelli, Liber Seregni's political secretary and the person who drafted the bill, with Carlos Baraibar, who is closely linked to the PDC.

Deputy Fau told EL DIA that "we refuse to act under the ideology of the traditional left. We want to give the country a different option. We want to create a political space to carry out changes and keep the usual slogans. We want to forge a political tool with sufficient popular support."

Fau stated that the internal differences with the Broad Front force us "to resist the rules that have been traditionally used by the left."

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CSO: 3348/449

END